"None"

EMTHANJENI MUNICIPALITY

ANNUAL REPORT 2007/2008

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FOREWORD BY THE MAYOR

Local government has emerged from a prolonged transition to face a second generation of challenges. A growing economy and urbanization have resulted in increased demand for economic infrastructure, ageing assets are increasingly requiring upgrading, rehabilitation or replacement and the location and nature of poverty are changing. As Emthanjeni we face huge challenges in addressing backlogs in basic services and mostly on housing delivery.

We are the custodians of public funds, whether raised from our own revenue or received through grants. We are tasked to use these resources to respond to the needs of our communities in Emthanjeni for infrastructure, services such as water, electricity, refuse removal and enabling and guiding spatial development of Emthanjeni Municipality. Asset maintenance and life –cycle management are very weak as reflected in the low levels of maintenance expenditure in the budget. The municipality also faces a challenge of skilled personnel in terms of planning, leadership and supervision and most importantly, change management and paradigm shifts and must be arrested. Also shortage of national and provincial funding is inadequate - this is the greatest challenge of all.

In terms of Section 46 of the Systems Act, municipalities are legally obliged to prepare an annual report for each financial year. We cannot abrogate on that. This annual report covers the performance of the municipality during the 2007/2008 financial year. The report will cover, inter alia, the percentage of households with access to all basic household services, free basic services, capital projects, number of jobs created, employment equity trends, financial viability, organogram and many more.

Each Directorate's performance is made public so that the community can bear testimony to the activities of 2007/08 financial year. We want you to engage on the report. We urge all community members to be involved through their ward committees and attend ward meetings to advise Ward Councilors. We have managed to fund entrepreneurs to set up businesses and it is our commitment to do so in the coming future. Councilors can never decide on capital or economic programmers without proper consultation with the communities they serve- that also applies to services to be rendered.

During 2007/08 we have weathered storms and economic turbulence caused by price hikes, to arrive at where we are to date.

Through all those difficult and trying times, I want to extend my gratitude to the members of the society in all seven wards for their unwavering support. Thank you to the Councillors and they must know that to be a leader in local

government is not infectitious- you must be born with leadership qualities or acquire those qualities.

To the Municipal personnel, thank you for your support and to those who work tirelessly to achieve the best for Council. To those lazy officials, watch out! Your time is nearing end during 2009/10. You are playing with your bread whilst there are people who can replace you out there. Let's all be focused.

Enkosi!

Speaker's Speech 2007/08

Foreword

To everyone residing in Emthanjeni, De Aar, Britstown & Hanover. Council, officials, ward committees, CDW's and all other stakeholders. In previous reports of Emthanjeni for the financial years 05/06, 06/07 and 07/08 we gave a comprehensive account of the programmes of Emthanjeni, as well as the current state of our Municipality towards performance in all the towns, Britstown, Hanover and De Aar.

I am proud to give this foreword because it is clear since we attained our freedom in 1994. We have made advances towards the goal of a better life for all. The advance of the previous years, similar to those of the preceding years indicate that while the challenges of poverty & underdevelopment are there, the municipality tries its level best to render services to the people. People enjoy borehole water.

Households are using electricity for lighting. Houses were built, jobs were created. Waterborne sewerage was installed and the poorest of the poor were provided with free basic services and many more. I admit, although huge strides were made, there are many challenges we face as the Municipality with reference to: unemployment, the revitalization programme of the hospital and also of the railway. We remain committed to work with all stakeholders, the community at large, CBO's, NGO's in creating a better life for all.

During all these municipal financial years IDP's, PMS, the legislative requirements are an important resource and a critical barometer of the advances we are making towards a better life for all. It has been a conscious reminder to that hinder us to all public servants in the Municipality and out there in communities at large of the Freedom Charter, that states that the people shall govern, there shall be equal rights, the people shall share in the country's wealth, that the land be shared amongst those who work it, that all shall be equal before the law, all to enjoy equal human rights, there shall be work & security, that the doors of learning & culture shall be opened, there shall be houses, security & comfort, that there shall be peace and friendship. All public servants must adhere to this outcry for Freedom, when stating all our different missions and visions in various departments.

In having one common vision- to better the lives of our people, it is for us as the Emthanjeni Municipality representing the people as a sphere of government, to take a leading role in making the Freedom Charter a living document. In co-operation with all other government departments, CBO's, NGO's, ward committees, CDW's and the community at large, we can jointly overcome unemployment, poverty & hunger, HIV /AIDS, and also underdevelopment.

We had many policies that I feel we have achieved, although much still needs to be done to enrich this goal. We had to first recognize the Almighty from above then the morals and unity will fall into place. Transparency will then be unveiled to those who are blind in seeing, that we are already busy as a Municipality to transform the lives of our people, although a lot still needs to be done.

A word of thanks to the Mayor, Councilors, Officials, the entire workforce of Emthanjeni ward committees, CDW's, government departments, the community at large who are part of our IDP & Budget planning, in making this Municipality a success to better the lives of our people, and to strive towards the goals of the Freedom Charter.

Chapter 1

Statement by the Municipal Manager- 2007/2008 Annual Report

1. Introduction:

Another year of developing new strategies, improving skills, increasing service delivery and generally improving ourselves to excel in Local Government has come to pass. We look back at all the challenges we faced, as we close yet another Chapter in the history of the Emthanjeni Municipality and how we managed them together with many opportunities.

2. Background

Having taken the bold step of streamlining the organization, through restructuring the senior management structure, reducing it from six to four, similar services were clustered together, with the view of addressing all the five(5) National Key Performance Areas(KPA's). Previously we had four departments ,which were reduced to three directorates, each directorate being managed by a Director, assisted by Senior Managers. The Municipality established it's Housing Unit, and appointed a Housing Manager. We are in the process of receiving level 1 housing accreditation and this will ensure that housing delivery will be facilitated.

Continued improvement in customer satisfaction levels and the increased staff complement, which is not always commensurate with the growth and expansion of the town, must of necessity show very positive results. We have moved much closer to our clients, understanding and aligning ourselves with their own objectives and needs.

The road behind us was not an easy one and the one ahead of us will not be any easier either, but with the expertise of dedicated men and women,in spite of the many skills shortages in specific fields, we will, and have in the past year, weathered the storms, literally and figuratively speaking. There is some difficulty involved in finding the right people to fill important positions, especially on the

technical side. Without the right people, service delivery suffers. We are currently addressing this problem.

Our swift actions during the major storm experienced during December 2007 have proven that we are not only prepared and competent, but more importantly, willing to show real compassion during times of disaster. At this juncture I want to salute all role players from the Community, National, Provincial and Local Governments, business sector and the public sector at large for their support during the 2007/08 financial year.

3. Year under Review

The Emthanjeni Municipality has zoomed in on Social and Economic Development
and Environmental Management of the entire town. The Administration has fully implemented the Batho Pele principles which were adopted by Council in years ago. The scene has been set and the momentum is in place for improved service delivery, greater responsiveness and increased accountability.

The broad development strategies and targets are contained in the respective master plans, which, in turn, are enshrined in the IDP. Major projects are, inter alia, the eradication of buckets programmes in Malaycamp and Hanover.

Essentially, the IDP has been (and should always be) compiled with a strong focus on service delivery and infrastructure investment, with the aim of achieving strategic development goals. In the process we have pursued a more practical IDP, which is holistic in order to enhance municipal performance. The IDP is practical in the sense that ideally it focuses on:

- Dealing with backlogs
- LED initiatives

- How to alleviate poverty
- Socio- economic development
- Spatial Development Framework(SDF)
- Effective use of scarce resources
- Sustainable development
- Coordination between all spheres of Government
- Developing Municipal capacity within the IDP framework.

The successful implementation of the IDP was achieved through the bottom up approach, namely

- Full community participation
- Strengthening community structures
- Engaging local residents
- Providing accountable, transparent and fair representation
- Ensuring a consultative and sustainable process throughout.

The establishment of all 7 Ward Committees makes it a lot easier to respond more speedily to the community's needs and aspirations and provide a firm support base to ensure fair and equitable service delivery.

Through the IDP, LED and SDF we strive to bridge the gap between rich and poor through job creation, tourism and the release of land for housing for the poor. Our LED strategy will be completed towards the end of the 2008/2009 financial year, and will be in line with the District Growth and Development Strategy.

I can boast of a strong and sound Administration that is geared to fulfilling the needs of our municipality with great diligence. Currently the staff component is 310. We place a high premium on the community we serve. A capital budget of R 13 728 800.00 was spent mainly on the eradication of buckets, ward

development projects , the construction of a taxi rank, the Booi Mantyi housing construction phase 2 and the maintenance and upgrading of other infrastructure, while R 86 164 310 was spent on operational matters. Our expenditure on salaries amounted to R 28 715 087 of the total expenditure, which amounts to 33% of the budget.

De Aar is becoming well known for paragliding activities, and a major international paragliding event will take place in De Aar during 2009. A smaller event, which will be a front runner to this will take place in De Aar in November 2008.

The Emthanjeni Municipal Administration has committed itself to:

- Equal access to services for all
- Ensuring that trust and confidence prevail
- Remaining transparent and accountable
- Insisting on best practices for optimal service delivery
- Sound financial management
- Striving towards optimal Local Economic Development with the emphasis on job creation
- Striving to create a platform for change; and
- Corruption-free administration

4. Challenges facing the Emthanjeni Municipality

a) Unemployment

It is not a unique problem in our country, but in Emthanjeni this is one of the main reasons why so many of our clients are on the indigent list. We commit ourselves to job creation and poverty alleviation.

b) Skills Scarcity

This is a critical challenge in our municipality. It is difficult to recruit people in certain technical areas, mainly because salaries are not competitive with the private sector. The Municipality, however, constantly strives to appoint well qualified people at all times.

c) Upgrading of Infrastructure

Our roads and electricity networks need a massive capital injection over to MTEF period. This will assist the Municipality, especially with new developments that will come to our area over the next few years. Furthermore we also strive to reach the government target of removing all shacks by 2014.

d) Unqualified Audit Report

The aim is to strive towards an unqualified Audit Report by addressing some of the issues raised in the Auditor General's 2006/2007 report.

5. Legal imperative

In terms of the legal frameworks, the Municipality must, for each financial year, prepare an annual report in accordance with Section 46 of the Systems Act of 2000 and Chapter 12 of the Municipal Finance Management Act, no. 56 of 2003.

This report was prepared in pursuance thereof, incorporating:

- A record of activities during the financial year
- A record of performance against the budget of the Municipality
- Accountability to the local communities for decisions made throughout the year
- Annual financial statements for the year

Furthermore:
In terms of Section 72 of the Municipal Finance Management Act, 2003 Act 56 of 2003,
the Accounting Officer must:

Assess the performance of the Municipality during the first half of the financial year,
taking into account the following:

- the monthly statements, detailing the expenditure on capital projects, income and
 expenditure;
- the municipality's service delivery performance during the first half of the year and service delivery targets and performance indicators set in the service delivery budget implementation; and
- the past year's annual report and progress on resolving problems identified in the
 annual report.

6. Conclusion

Appended below is a full account of the services rendered by each respective Director .I submit this overview in appreciation of support rendered by the community, the staff of Emthanjeni Municipality for their unequivocal support, cooperation and hard work and lastly, the Councillors for their political guidance.

ISAK VISSER
MUNICIPAL MANAGER

Overview of the Municipality

1.1 INTRODUCTION

Emthanjeni Municipality comprises the towns of De Aar, Hanover and Britstown, with De Aar as administrative seat.

Emthanjeni Municipality is managed by a council of 14 Councillors, of which 7 are elected in the wards and 7 are proportionally appointed.

Emthanjeni has adopted the following vision and mission statement:

VISION

We, Emthanjeni Municipality, commit ourselves to a humane and caring society, living in a healthy and secure environment, conducive to sustainable economic development.

MISSION STATEMENT

We strive to: -
Deliver quality services and promote development in our municipal area in a non-exist, non-racial and non-discriminating manner. We do this by creating a climate of co-operative governance with meaningful partnerships with all stakeholders, especially the members of the general public.

1.2 HISTORICAL OVERVIEW

1.2.1 DE AAR

De Aar means "the artery", and in many senses this town is also the lifeblood of the Karoo. It's the head office of the Emthanjeni and Pixley ka Seme District Municipalities; home to many artists; there's an important weather station that can be toured by visitors, and it is still an important railway junction in the country. The significance of its situation on the railway line is because it's central to Gauteng, Cape Town, Port Elizabeth and Namibia. There are about 110km of railway lines including 29 rail-tracks in De Aar's precincts. However, "De Aar", was so named because of the many water-bearing arteries that occur underground. Unlike many other Karoo towns, it did not develop around the Dutch Reformed Church,

but in fact developed because of the railway line. The first stands were sold in 1902 and the municipality of De Aar was established in 1904. De Aar, has the largest abattoir in the Southern Hemisphere and supplies all the major centres throughout the entire country with the famous "Karoo" lamb and mutton. Apart from meat production, the sheep farms around De Aar are also major suppliers of wool. All the water used in the town comes from boreholes – which is why the town is known for its large number of windmills. The town is easily accessible by tarred road, two airfields serve it – one is an all-weather runway than can accommodate any type of aircraft and it's only 52km away from the national bus route.

1.2.2 BRITSTOWN

It was in the heady days of The Great Diamond Rush in the year of 1877 that Britstown came into being. Fortune hunters paused here in their frenzied dash to the fabulous diamond field, and a settlement mushroomed to provide fresh horses, fodder, refreshment and accommodation. Soon even a concertina virtuoso made music for happy dancers lubricated by the local brew. First the Fuller and Gibson coaches and then others stopped here. But by the time Britstown gained municipal status in January, 1889, a railway line already snaked across the Karoo plains to carry would-be diamond diggers through to Kimberley.

LIVINGSTONE'S FRIEND

The small haven of Britstown, along the diamond route across the plains, was named after a man who loved the Karoo, Hans Brits. He once accompanied Dr David Livingstone, famous son-in-law of the great missionary Robert Moffat, on a journey to the north. Livingstone originally came to South Africa to help the Moffats at their mission in Kuruman, and it was on a journey to the north that he met Brits. They took a liking to each other, and Brits decided to travel with him. But, Livingstone did not get on with the Moffats, so he soon announced his intentions of travelling deeper into Africa, a decision that led to him becoming probably the continent's most famous explorer. Brits decided against a life of exploration and returned to the Karoo.

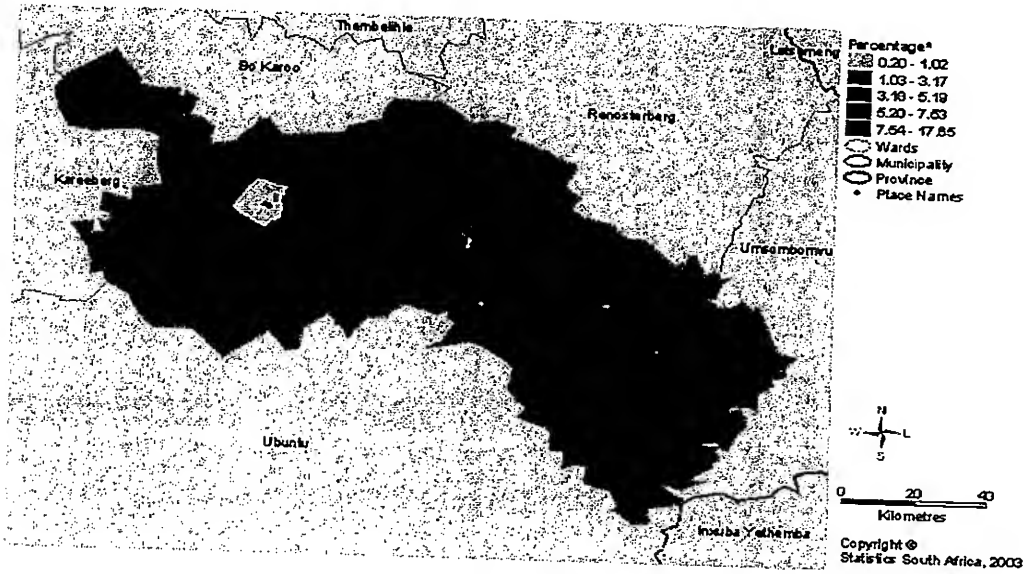
DIAMONDS PROVIDE THE SPARK

Hans Brits then settled on a farm he named Gemsbokfontein, which is where Britstown now stands. Soon after the discovery of diamonds at Hopetown and Kimberley, Brits realised that he and his neighbours could earn good money serving the growing traffic along the Daimonds Route. So Brits arranged for a town to be laid out on a portion of his farm. As a tribute to him it was named Britstown. The thinking was to establish a point between Victoria West and Kimberley that could provide travellers on

the Diamond Route with accommodation and refreshment as well as fresh horses and fodder.

A LINK WITH THE GOLD MINES

Then, in 1877, a group of men, headed by TP Theron, purchased a section of Hans Brits's farm to establish a community centre with a church. This accomplished, they handed over the management of the fledgling settlement to church wardens. Traffic through the town increased when gold was discovered in "The Ridge of White Waters" in the old Transvaal Republic. Many of the fabled mining magnates, such as Cecil John Rhodes, passed through Britstown. In time, the town became a major junction on the route to the then South West Africa (Namibia).



Emthanjeni Municipality as a whole has a population of slightly more than **38 000**. De Aar is the most densely populated area.

Hanover

This attractive and historic little town on the N1 lies more or less halfway between Cape Town, Gauteng and Kwazulu-Natal. It was established in 1854 at the base of some rocky hills on the farm Petrusvallei, which was bought from Gert Gous. Gous requested that the town be called Hanover, after his great grandfather's town in Germany.

When declared a magisterial district in 1876, the town was very fortunate to be appointed with a far-seeing magistrate, Richard Beere. He insisted that trees be planted so that resident's descendants would have shade. Due to the increase in water consumption caused by an increase in

residents, the spring that Hanover was built around dried up, and the number of trees seen in the town today is far less than 100 years ago. Beere loved the Karoo and spent a lot of time on the summit of Trappieskop, where a stone pyramid honoring his contribution to the town was erected when he died.

The older houses were all built right on the road edge – as per authority's instructions at the time – and when, in later years, homeowners built on verandahs, they had to pay a one shilling tax for this privilege. Today, they are still paying this tax, which is now R17, 00. Hanover was home to Olive Schreiner – well known South African author – who lived here from 1900 to 1907, and referred to it as "the prettiest little village I have ever seen". Her husband, Cron, was an agent in town and today his offices are used as a small guest house. Like many small Karoo towns, most of the streets are not tarred and the residential areas are very quiet, however, behind garden walls and front doors there's plenty of activity going on as the industrious residents carry out their daily business.

The town is home to a variety of artists and craftspeople, as well as having several restaurants, a delightful bookshop, coffee shop and a museum. There's interesting Karoo architecture to be seen and many gardens have a wind pump standing sentinel in one corner. Surrounding farms are principally Merino sheep, with many of the country's best breeders operating in the Hanover district. Lesser Kestrels, from Europe and Central Asia, come to nest in trees around town, and can be seen gliding in the dawn and dusk sky from late October to the end of summer.

Emthanjeni Municipality primarily comprises 4 ethnic groups, i.e. Coloureds, Africans, Whites and Indians. According to the latest National Census statistics, 57,51 % Coloureds, 35,33 % Africans, 7,07% Whites and 0,08% Indians.

2.1 Municipality Population

	Black	Coloured	Indian/Asian	White	Total
De Aar					
Male	3543	7181	21	1637	12384
Female	4014	7766	12	1841	13635
Total	**7556**	**14946**	**33**	**3478**	**26019**
Britstown					
Male	400	1306	1	138	1846
Female	398	1617	2	160	2178
Total	**797**	**2922**	**3**	**298**	**4024**
Hanover					
Male	756	421	1	95	1274

Female	866		453		1		100	1421
Total	**1621**		**873**		**2**		**195**	**2695**
Emthanjeni Farms								
Male	252		971		0		249	1473
Female	184		947		0		206	1338
Total	**435**		**1917**		**0**		**455**	**2811**
Emthanjeni Total								
Male	4951		9897		23		2119	16977
Female	5462		10783		15		2307	18572
Total	**10413**		**20662**		**38**		**4426**	**35549**

(STATS SA – CENSUS 2001)

Employment - Category

It can be seen from the table below that approximately 56% of the total eligible workforce is unemployed. This figure does include homemakers and housewives who do not choose to work and persons who cannot work due to disability or illness. If those categories are excluded the unemployment figure reduces to approximately 42% of the eligible workforce.

The economically active age group of 20 to 59 years old accounts for almost half the population (47%).

Area	Eligible workforce	Permanent Unemployed residents	Seasonal Farm workers	Domestic workers	Permanent Farm workers	Permanent Industry workers	Professional Workers
De Aar	13251	7544	63	763	105	4034	1085
Britstown	1891	1306	9	96	69	392	123
Hanover	1277	829	-	30	9	235	79
Farms	1745	435	15	352	862	1148	51
Emthanjeni Total	**18164**	**10114**	**87**	**1241**	**1045**	**5809**	**1338**

Employment Demographics – Census 2001

Chapter 2

Directorate: Corporate Community and Development Services

Introduction

The Corporate Services Directorate derives it mandate from Council's key development objective i.e. institutional development, the IDP. It therefore means it is largely an internally focussed directorate with the primary aim to recruit employees and the development and enhancement of efficient administration systems.

The strategic challenge for the municipality is to find better ways in delivery services to the Emthanjeni community by effectively and efficiently utilising existing structures and mechanisms to address the needs of the community in a holistic and integrated manner. It is therefore this Directorate's responsibility to ensure that the organisation is aligned to advance on the key objectives of the municipality by addressing human resource related issues and to amplify technological applications within the organisation

Functional Overview

This Directorate consists of the following sections:

- Administrative Services
- Human Resources (HR)
- Community Safety
- Community Services
- Development Unit

This Directorate is regarded as a lifeline within the Municipality as it services the entire organisation. It provides administrative support services to each and every directorate, as well as Council's structures/committees.

The staff component of Directorate Corporate Services

Director	1
Managers	2
Administration and Auxillary services	8
Human Resources	3
Traffic	10
Library Services	14
Community Halls	14
Registration	2
Translation	1

Section: ADMINISTRATION SERVICES

As the administrative arm of the Municipality, this Section renders administrative support services to Council and its political structures. The political structures comprise the Executive Committee and Portfolio Committees, as well as ad hoc committees. The administrative support service entails the preparation of Council agendas and minutes, as well as facilitating communication between Council and the various directorates, to facilitate the implementation of political decisions.

As a result of the March 2006 local government election, new portfolio committees have been established as Section 80 Committees rendering assistance to the Executive Committee, as and when required.

Councilor Information:

No	Name	Position	Gender	Party	Chairperson	Committees
1	B.K. Markman	Mayor	Male	ANC	Exco:Rules	Executive Committee ; Rules Committee
2	E.P. Eksteen	Speaker	F	ANC	Council	
3	EG Hendricks	Clr	M	ANC		Local Labour Forum ;Infra,Social Services
4	J.J Oberrholzer	Clr	M	DA		Social Services;
5	A.F Jaftha	Clr	M	ID		Executive Committee
6	C. Koopman	Clr	M	ANC		Local Labour Forum;Social Services
7	S. Max	Clr	F	ANC	Soc. Serv	Social Services
8	G.L.Nkumbi	Clr	M	ANC		Sport Arts and Culture; Youth
9	G.L. Nyl	Clr	M	ANC	Sport	Sport Arts and Culture ;Dev;Rules
10	S.T Sthonga	Clr	M	ANC	LLF & Dev	Local Labour Forum ; Development
11	B. Swanepoel	Clr	M	ID		Local Labour Forum ; Sport Arts and Culture
12	N.S. Thomas	Clr	F	ANC	Youth	Sport Arts and Culture ;Youth
13	M.Malherbe	Clr	F	DA		Social Services
14	J. Louw	Clr	F	DA		Youth

These committees are:

- Executive Committee
- Sport, Arts and Culture Committee
- Youth Committee
- Social Services Committee
- Infrastructure and Development Committee
- Rules Committee

The following Ad hoc –Committee meets on a regular basis as reflected:

- Local Labour Forum
- Performance Management System
- Training Committee

This section also administers Council's by-laws and, in conjunction with the various user directorates, is responsible for the drafting / amendment and promulgation thereof.

Correspondence

This section receives official correspondence from the public, which is distributed to the various directorates for attention. During this financial year the following correspondences was handled:
Faxes and e-mails received: **4 770**
Outgoing mail: **1 938**
Incoming mail: **2 811**
Incoming and Outgoing memorandums: **3 562**
Council decisions and items: **381**
All mail: **23 462**

This shows the magnitude of work done by the administration. This section plays a prominent communicative role between the Municipality and the public at large regarding applications, complaints and other issues that are raised by the public by way of correspondence.

Records

The records division is entrusted with the core responsibility of managing the Municipality's official records by means of archiving the records, disposing of certain of those records and the transfer of records to the Provincial Archives. In general, this division manages access to records and also serves as a centre for the receipt, distribution and dispatch of correspondence to and from the public, as well as to Councillors.

Legal Services

Currently we do not have a legal division in the Municipality but do make use of the services of Private Attorneys appointed by Council who render the specialist services to the different units of Council. Recently Council entered into a Shared Services Agreement with Pixley ka Seme District Municipality who will render this service in future.
During the financial year under review a few claims against Council progressed to High Court. Some of these cases are still *sub judice* whilst the rest were ruled in favour of the Municipality.

Estate and Property Management

This section is not a separate unit on its own but rather an addition to the duty list of some employees. This section has in the past year, through direct and

indirect interaction with the community of Emthanjeni, delivered in terms of expectations regarding service delivery and providing a better life for all.

ALL ERVEN SOLD

NONZWAKAZI

Site No 942	Ms NS Roto	R 5 029.22
Site No 944	Mr GE Tshaya	R 5 029.22
Site No 733	Mr B Tyhaliti	R 2 500.00
Site No 942	Ms N Roto	R 4 029.00
Site No 726	Mr XG Gedezana	R 2 589.40
Site No 1316	Mr M Mvenya	R 5 262.92
Site No 1843	Mrs FC Xabela	R 2 514.62
Site No 1321 – 1322	Mr M Dyushu	R 10 384.98

DE AAR EAST

Site No 4379	Alam Khorshed	R 3 215.71
Site No 7909	Mr K Moloinyana	R 5 066.62

Facility Management

In line with the IDP Strategic Objectives of improving the quality of life and maintaining the levels of services delivery and customer satisfaction, the halls of Council were leased to the community for the following number of functions held:

BRITSTOWN	
Proteaville Community Hall	6
Mziwabantu Community Hall	12
Britstown Town Hall	25
Hanover	
Hanover City Hall	42
Kwezi Community Hall	36
De Aar	
De Aar Town Hall	65
Juvenes Hall	10
Nonzwakazi Community Hall	18
Multi - Purpose Centre	26
De Aar East Community Hall	48

The number of functions includes weddings, birthdays and other parties, but excludes meetings held by community and other organizations.

Several projects, where additional office space was created in both the Civic and Multi-Purpose Centre, were also completed, thereby contributing to building an effective and efficient municipality.

Property Administration and Transfers

A definite highlight for the year the development of the

A further 5 unserviced erven were also allocated to BEE companies. However, the majority of these companies cannot afford the cost of services to these erven. This development contributed to improving the opportunities of marginalized groups, as well as growing the economy to reduce poverty and unemployment.

All the administration in respect of these transactions, as well as general property related administration, is currently done by two officials.

Communication

Several additions were made to improve the level of service and customer satisfaction. The current Service Provider is hampering effective information and communication processes.
Cell phone usage is growing beyond expectations and there are currently 45 cell phone users, including the Councilors and routers on the switchboard. Although this is enhancing communication, the usage needs to be strictly controlled to limit expenditure. Control measures are in place to recover the costs of private usage.

Human Resources and Organisational Management

Introduction

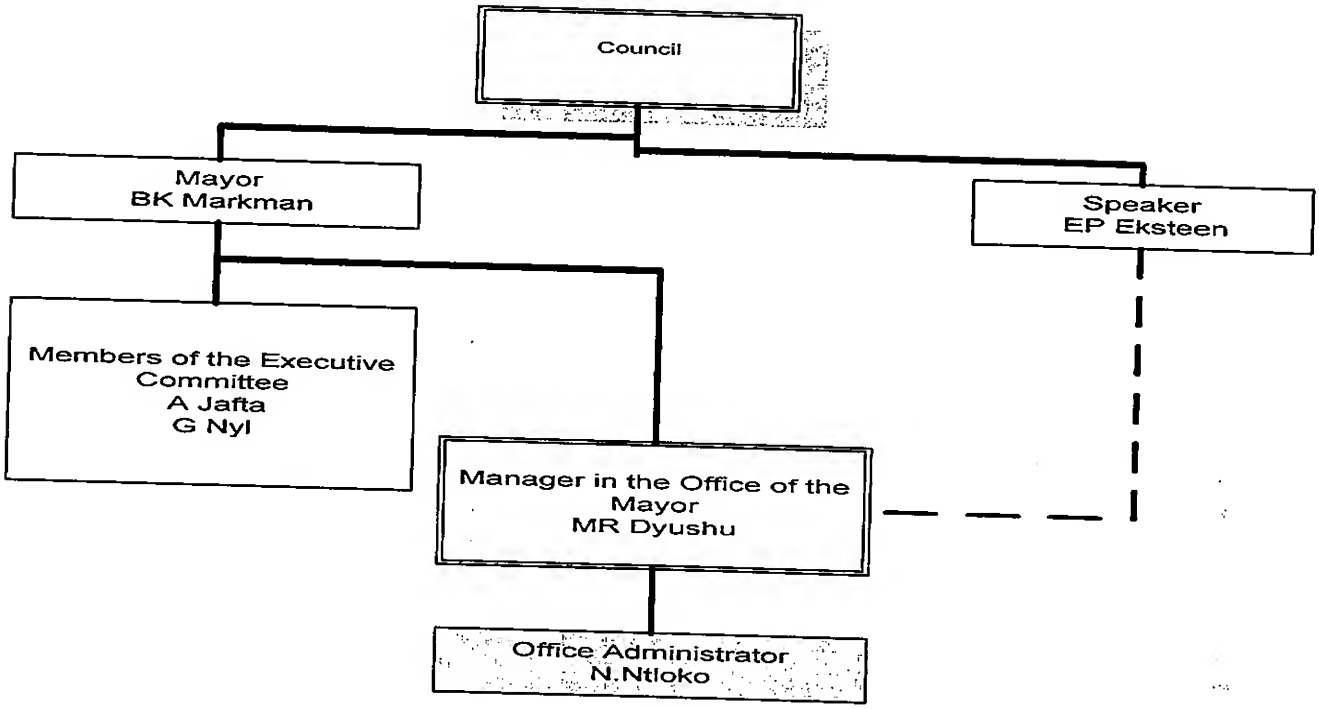
Emthanjeni municipal area has a significant unemployment figure. The recruitment and appointment process attempts to appoint local inhabitants of Emthanjeni, first and foremost. However, the process does identify scarce skills, i.e. electricians, engineers, etc. and therefore recruits much wider.

Macrostructure

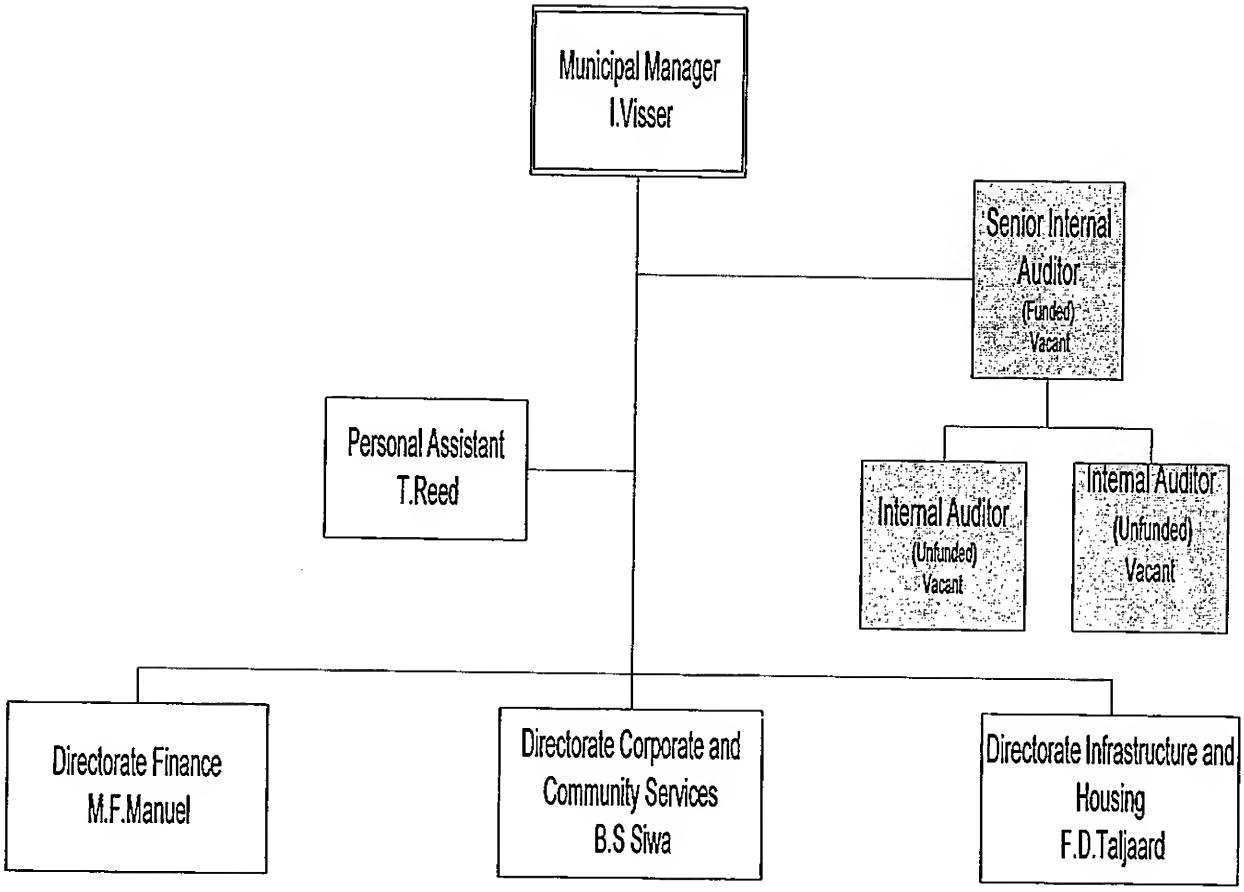
Organisational Structure

1. Organisational Structure:

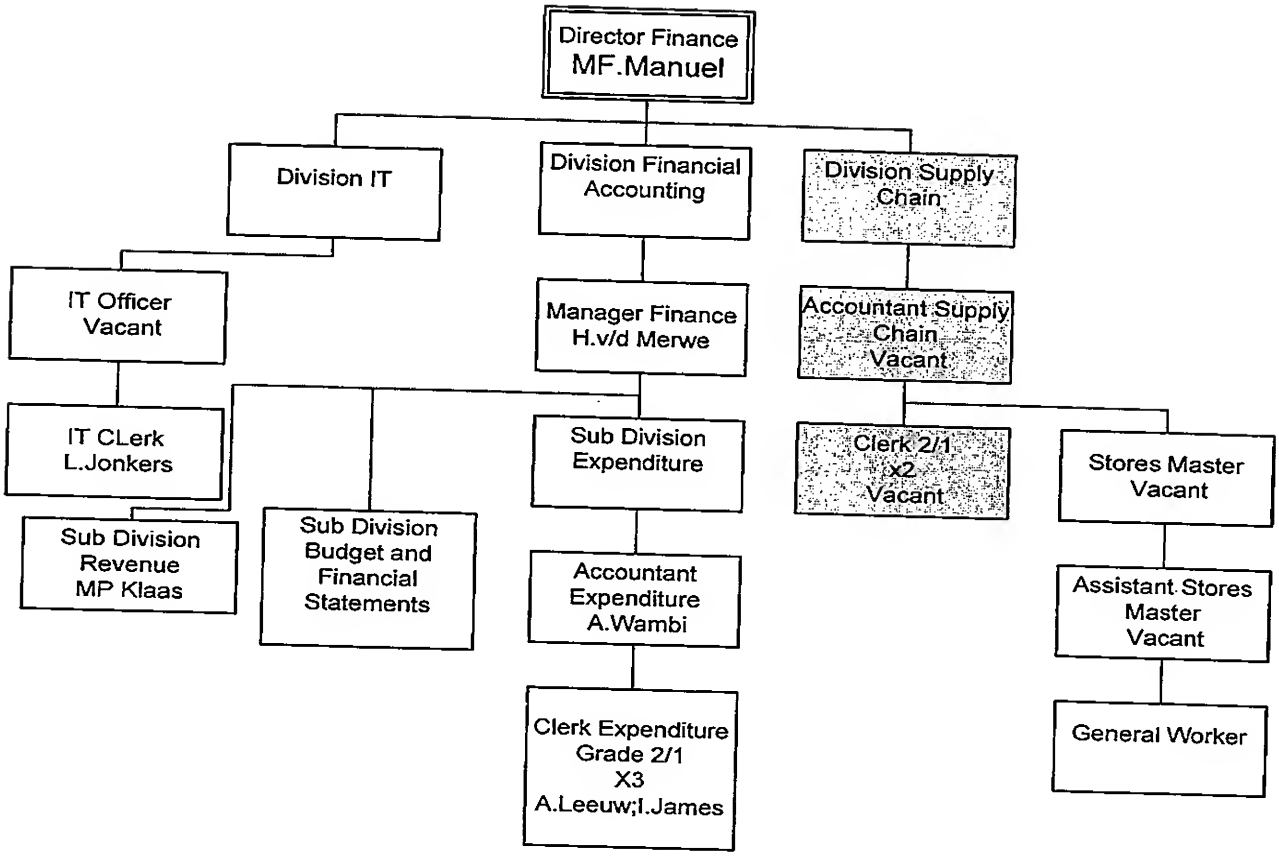
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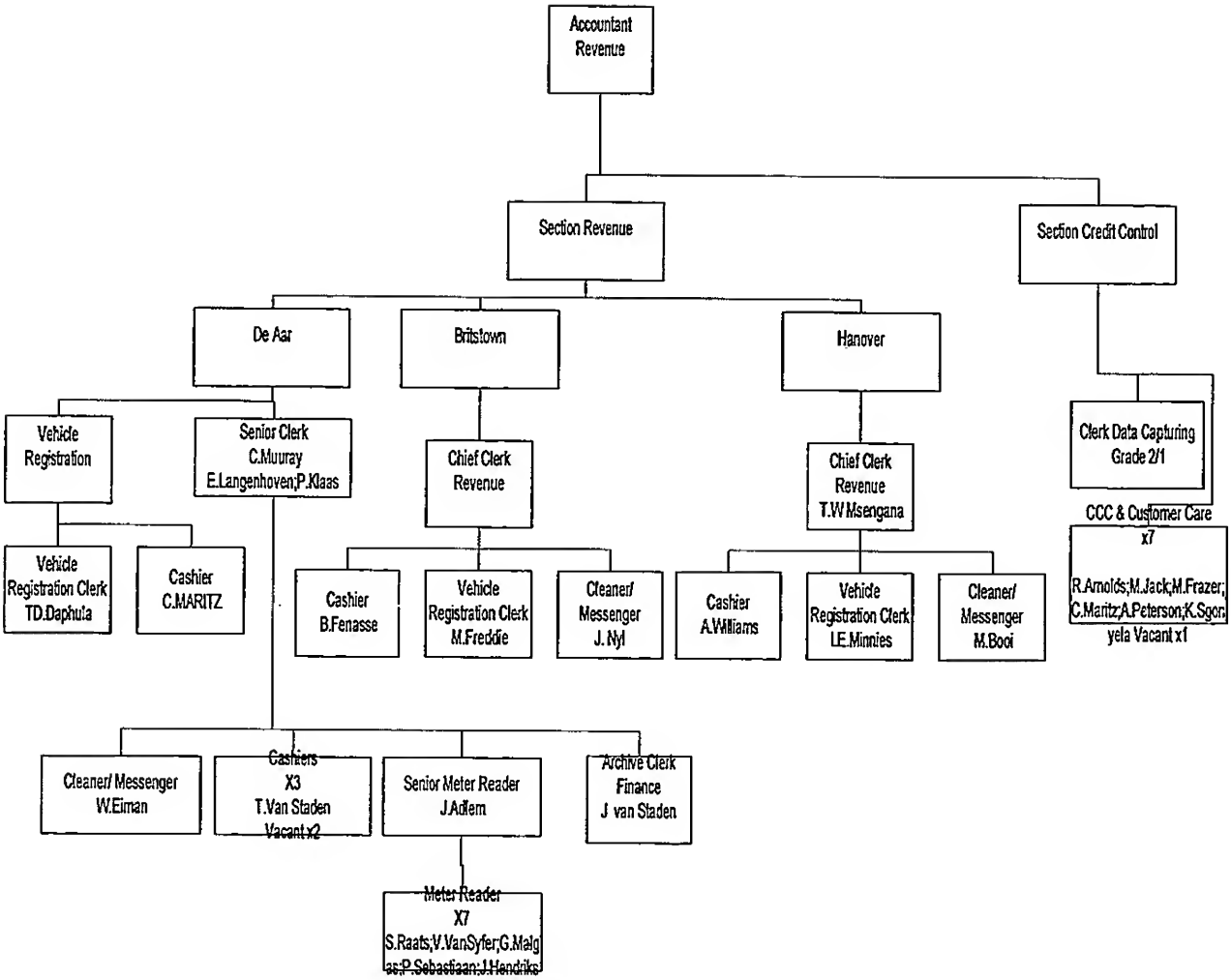
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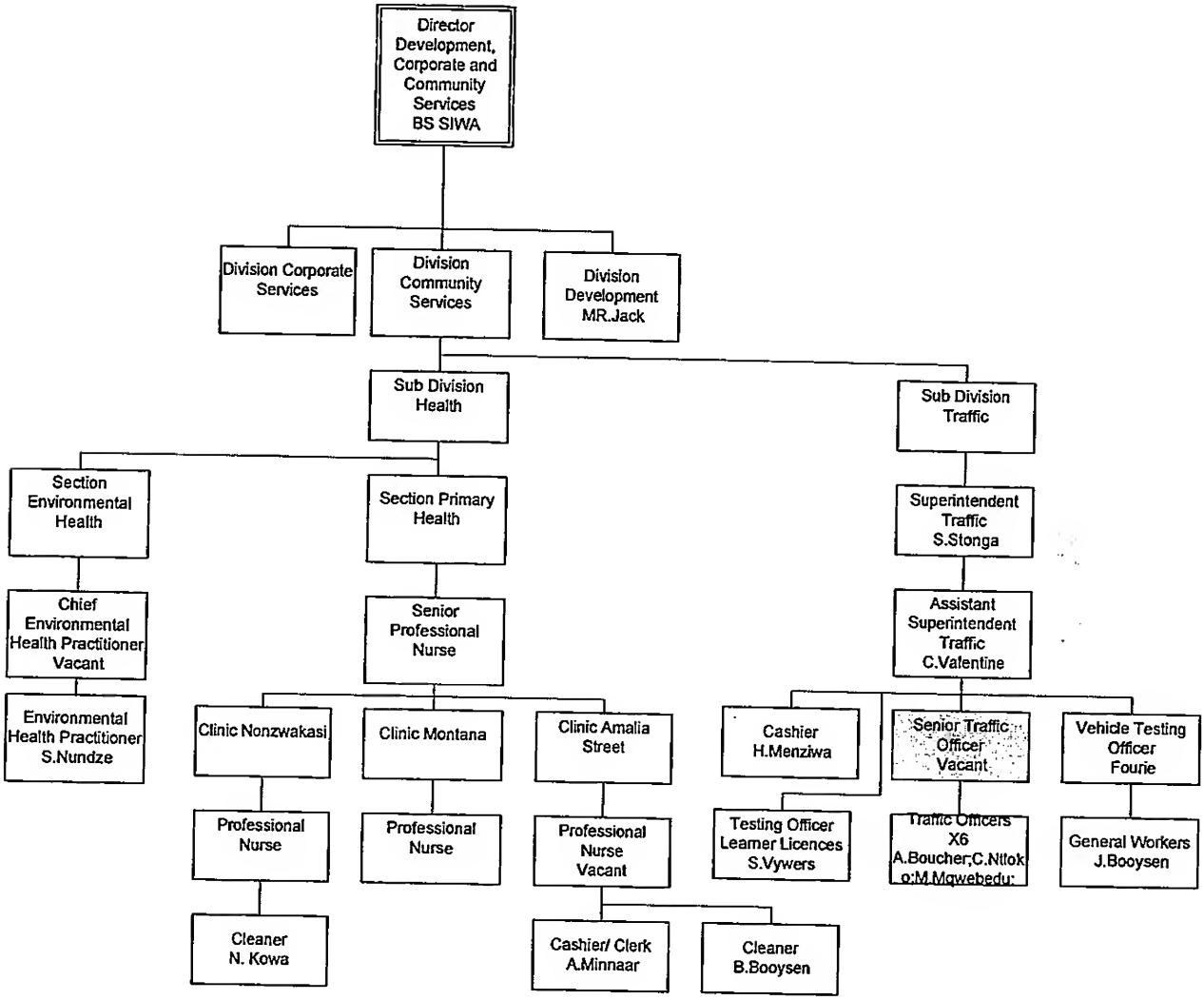
Department of Finance:



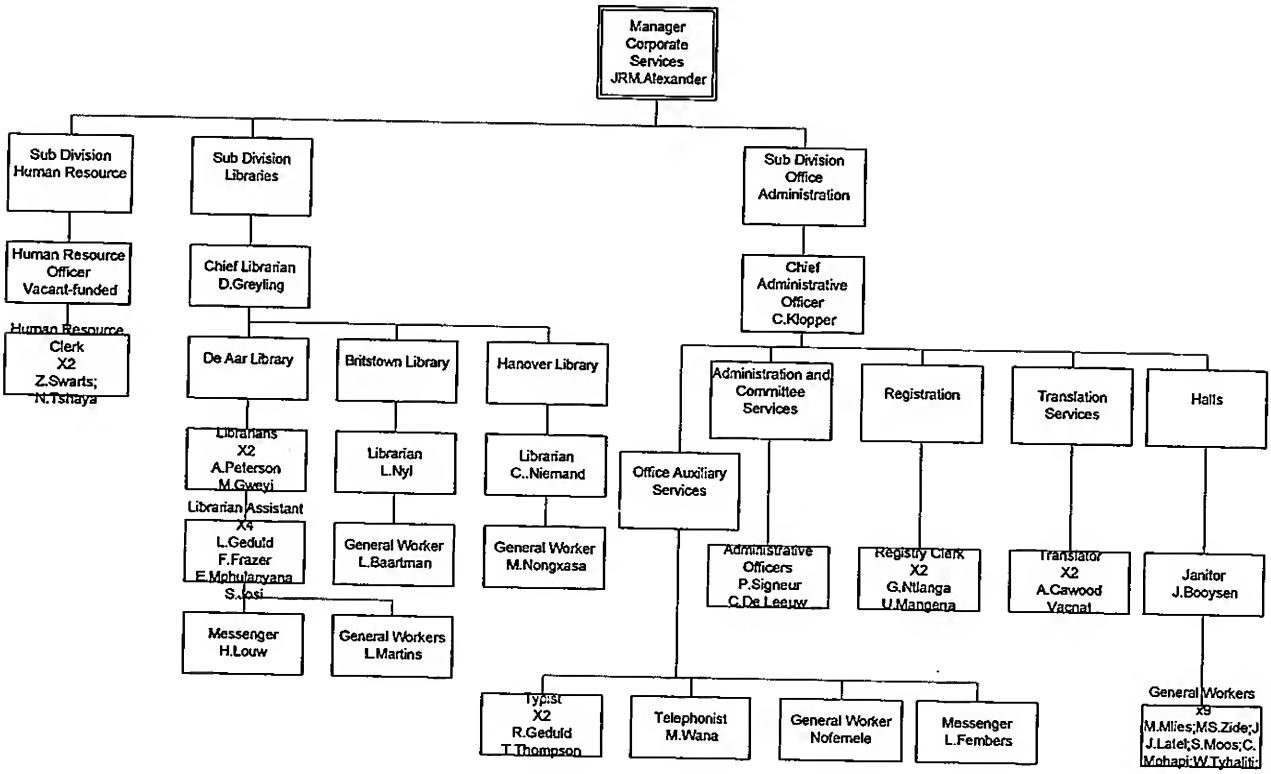
Department Finance:



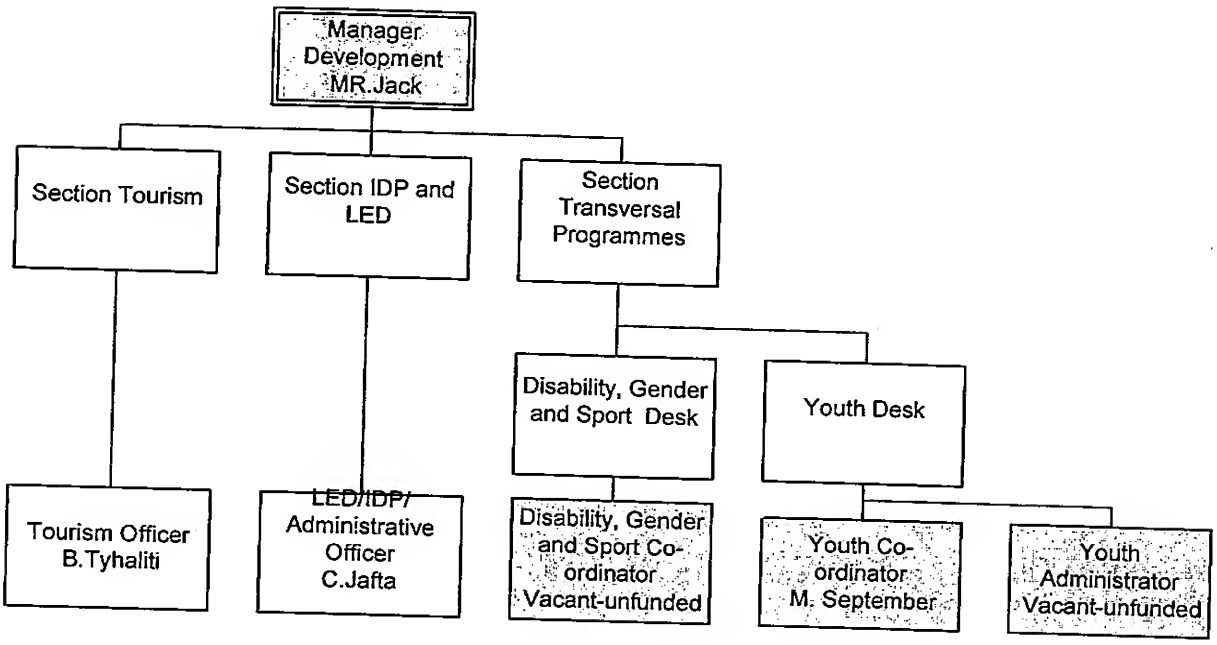
Department of Corporate and Community Services:



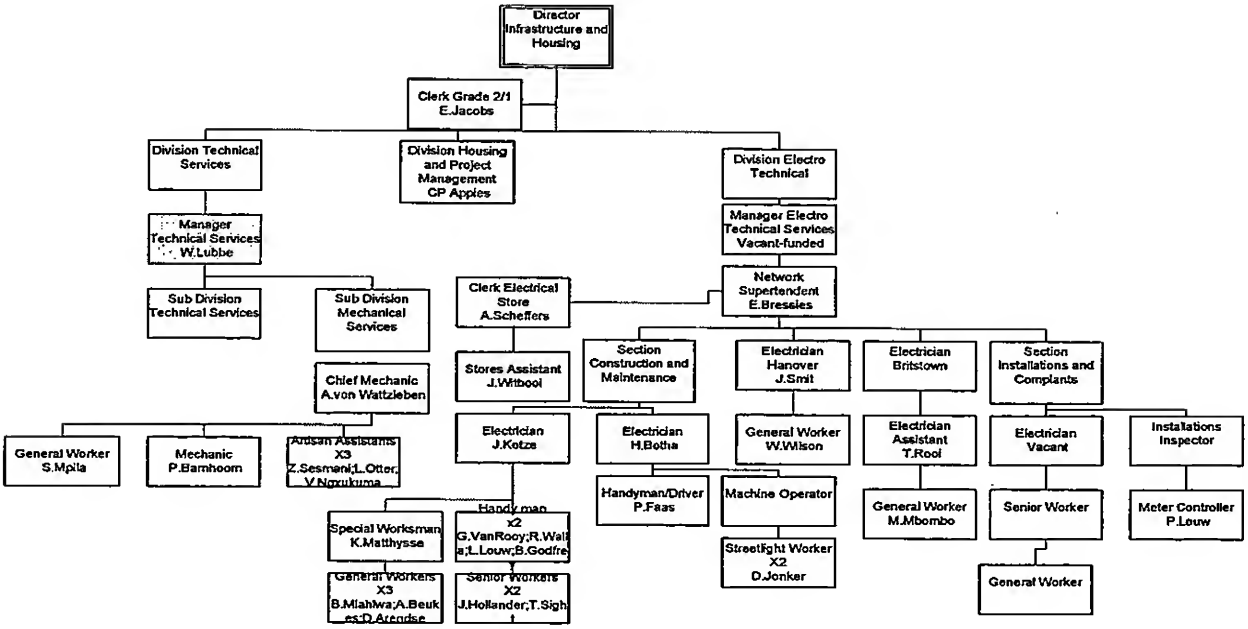
Department of Corporate and Community Services:



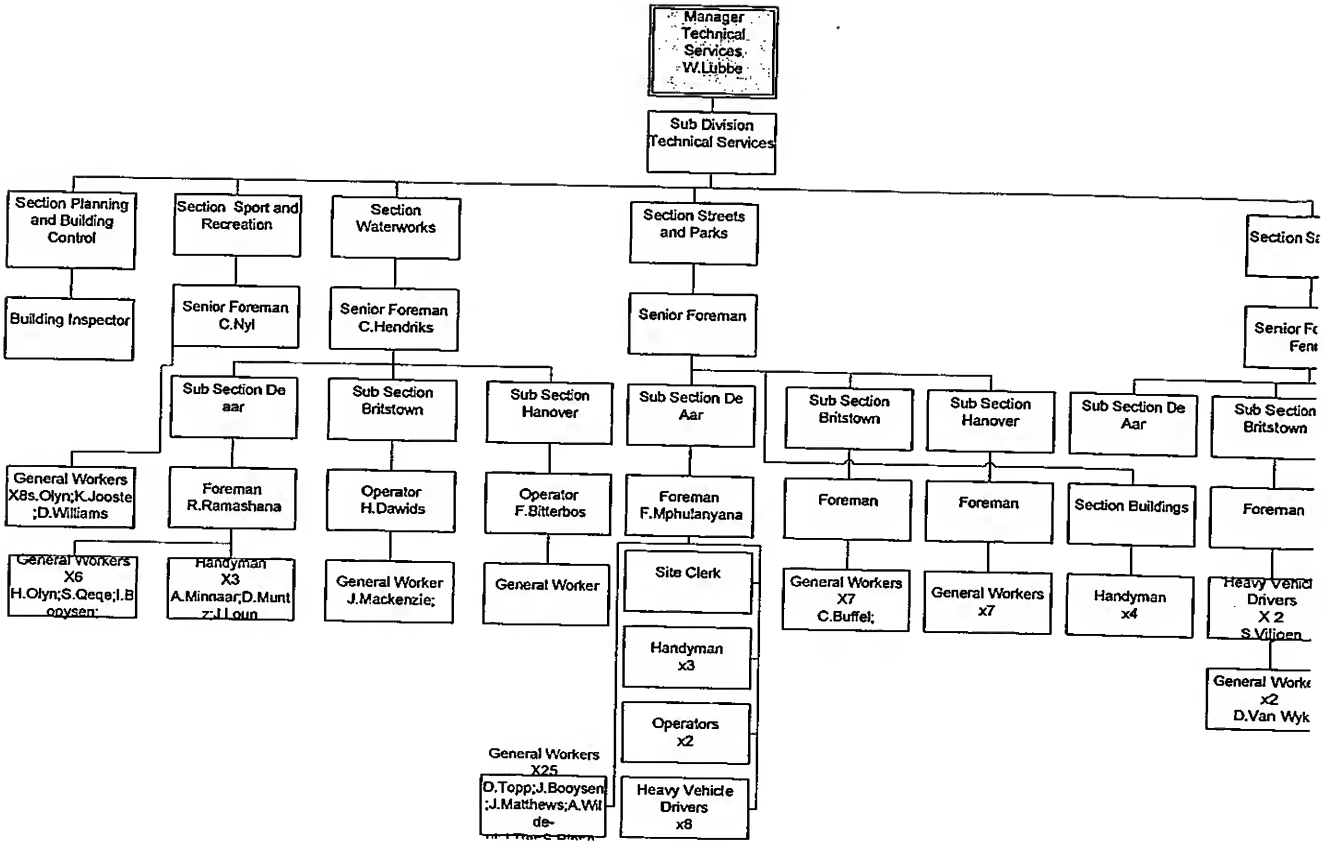
Department of Corporate and Community Services:



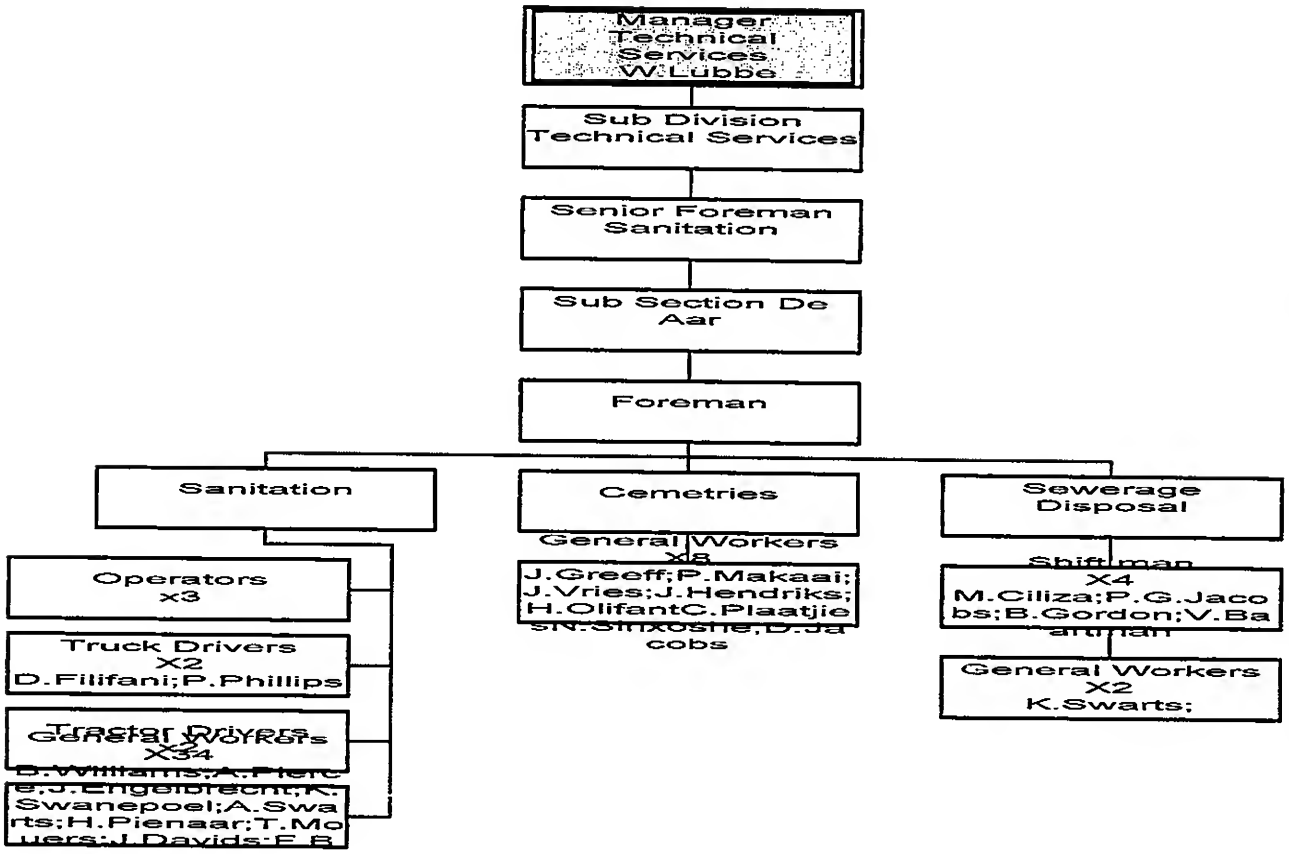
Department Infrastructure and Housing:



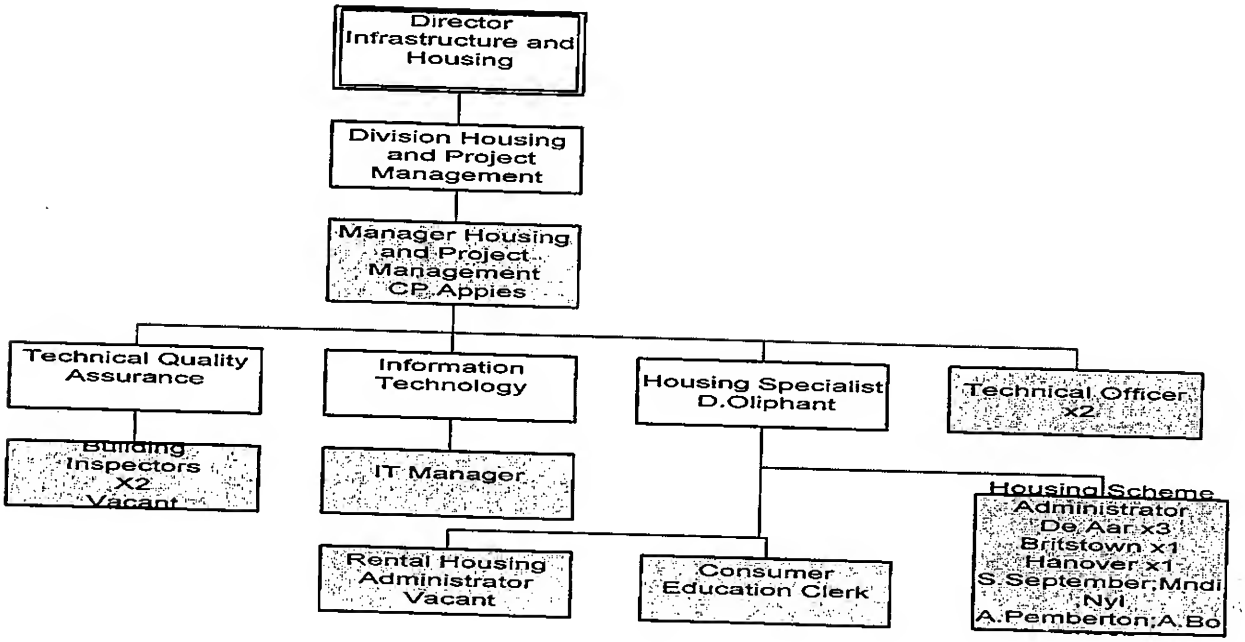
Department Infrastructure and Housing:



Department Infrastructure and Housing:



Department Infrastructure and Housing:



The Organisational Structure of the Municipality was adopted by Council on August 2007 and is already implemented. Council intends to review it again in the near future to align it with its Strategic Goals.

During the review process the Top Management was downsized from 6 Section 57 managers to 4. The top structure consist of two Coloured males, the Municipal Manager and the Chief Financial Officer, an African female who is the Director of Community, Development and Corporate Services and a White Male who is the Director Infrastructure, Housing and Development Services.

The HR Section of Corporate Services consists of Training, Personnel administration, Labour Relations and Performance Management.
The total staff establishment has 319 posts of which 310 are filled.

The Training Section

The Training Section is responsible for facilitating and liaising on all formal and informal training, as well all training with regards to Occupational Health and Safety issues. This section is also responsible for conducting the Induction programmes for all new employees.



Training to Unemployed workers from different wards

List of training implemented during the year under review

SKILLS DEVELOPMENT: TRAINING REPORT FOR THE PERIOD 01/07/2007 TO 30 /06/08

EMTHANJENI MUNICIPALITY

TRAINING PROGRAM	TRAINING PROVIDER	SURNAME	FULL NAMES	DATE	COST
Project Management for IDP Officials	DPLG				
		Jack	MR	19-20/07/2006	
		Jack	MR	16-17/08/2006	
		Jack	MR	13-14/09/2006	
		Jack	MR	11-12/10/2006	
		Jack	MR	6-7/09/2007	
TOTAL COST OF TRAINING PROGRAM					R 15,000.00
CPMD Training					
	University of Wits	Manuel	MF	21-27/04/2008	
		Manuel	M F	25-2/03/2008	
		Manuel	M F	31-6/04/2008	
		Manuel	M F	23-	

		Manuel	MF	29/07/2007	
		Visser	I	3-7/09/2008 31- 6/04/2008	
TOTAL COST OF TRAINING PROGRAM					**R 90 000.00**
TRAINING PROGRAM	**TRAINING PROVIDER**	**SURNAME**	**FULL NAMES**	**DATE**	**COST**
Integrated Waste Management	SALGA	Taljaard	FD	26- 28/11/2007	
TOTAL COST OF TRAINING PROGRAM					
TRAINING PROGRAM	**TRAINING PROVIDER**	**SURNAME**	**FULL NAMES**	**DATE**	**COST**
Indoor Air Quality Training	Univer. KZN	Nundze	S	3-7/03/2008	
TOTAL COST OF TRAINING PROGRAM					
ABSA & IMFO					
	ABSA & IMFO	Manuel	MF	12/05/2008	
		Manuel	MF	4-5/04/2008	
		Manuel	MF	19- 20/11/2007	
		Markman	BK	26- 27/01/2007	
		Manuel	MF	26- 27/01/2007	
		Manual	MF	10-	

		Markman	BK	11/03/2008 10-11/03/2008	
		Manual	MF	11-12/01/2008	
		Markman	BK	11-12/01/2008	
TOTAL COST OF TRAINING PROGRAM					
IRP 5 Training	Pay Day	Swarts Tshaya Alexander	Z NT JRM	/2008	
TOTAL COST OF TRAINING PROGRAM					R 7 387.89
Abacus Systems	Fujitsu Training	Wambi	A	15-19/08/2007	
		Leeuw	A	15-19/08/2007	
		James	I	15-19/08/2007	
TOTAL COST OF TRAINING PROGRAM					R 12 000.00
TRAINING PROGRAM	**TRAINING PROVIDER**	**SURNAME**	**FULL NAMES**	**DATE**	**COST**
Sludge Training	M T I	Taljaard	FD	16-17/07/2007	

TOTAL COST OF TRAINING PROGRAM					
TRAINING PROGRAM	**TRAINING PROVIDER**	**SURNAME**	**FULL NAMES**	**DATE**	**COST**
Oxidation Pond Training	M T I	Lubbe	W	17-22/03/2008	
		Holland	H	17-22/03/2008	
		Billy	J	17-22/03/2008	
		Fennie	W	17-22/03/2008	
TOTAL COST OF TRAINING PROGRAM					
O & M Training					
	M T I	Lubbe	W	21-27/04/2008	
		Billy	J	21-27/04/2008	
		Holland	H	21-27/04/2008	
		Fennie	W	21-27/04/2008	
		Lubbe	W	10-11/07/2007	
		Billy	J	10-11/07/2007	
		Holland	H	10-11/07/2007	
		Fennie	W	10-	

TOTAL COST OF TRAINING PROGRAM				11/07/2007	
Prof Training for Councilors					
	SALGA	Markman	BK	29/01/2008	
		Eksteen	EP	29/01/2008	
		Max	S	29/01/2008	
		Oberholzer	JJ	29/01/2008	
		Koopman	C	29/01/2008	
		Van Staden	PH	29/01/2008	
		Nkumbi	GL	29/01/2008	
		Thomas	NS	29/01/2008	
		Nyl	G L	29/01/2008	
		Sthonga	S T	29/01/2008	
		Louw	J	29/01/2008	
		Malherbe	M	29/01/2008	
		Swanepoel	B	29/01/2008	
TOTAL COST OF TRAINING PROGRAM					

TRAINING PROGRAM	**TRAINING PROVIDER**	**SURNAME**	**FULL NAMES**	**DATE**	**COST**
Supply Chain Management					
	Samdi	De Leeuw	C	14-16/08/2007	
		Appies	CP	14-16/08/2007	
		Alexander	JRM	14-16/08/2007	
		Taljaard	FD	14-16/08/2007	

		Manuel	MF	14-16/08/2007	
		Claaste	P	14-16/08/2007	
		Bushula-Signeur	P	14-16/08/2007	
		Jack	MR	14-16/08/2007	
		Jacobs	E	14-16/08/2007	
		Pool	WPA	14-16/08/2007	
		Engelbrecht	G	14-16/08/2007	
TOTAL COST OF TRAINING PROGRAM					
TRAINING PROGRAM	**TRAINING PROVIDER**	**SURNAME**	**FULL NAMES**	**DATE**	**COST**
Free Basic Services Training	DPHLG	Frazer	M	23/08/2007	
		Makaleni	S	23/08/2007	
TOTAL COST OF TRAINING PROGRAM					
Housing Subsidy System Training					
	Corefocus	Appies	CP	28-30/11/2007	
		Pemberton	C	28-30/11/2007	
		Oliphant	DJ	28-30/11/2007	

TOTAL COST OF TRAINING PROGRAM

TRAINING PROGRAM
Wellness Training

TRAINING PROVIDER
Fortegenic Solutions

SURNAME	FULL NAMES	DATE	COST
Markman	BK	10/08/2007	
Eksteen	EP	10/08/2007	
Max	S	10/08/2007	
Oberholzer	JJ	10/08/2007	
Koopman	C	10/08/2007	
Van Staden	PH	10/08/2007	
Nkumbi	GL	10/08/2007	
Thomas	NS	10/08/2007	
Nyl	G L	10/08/2007	
Sthonga	S T	10/08/2007	
Louw	J	10/08/2007	
Malherbe	M	10/08/2007	
Swanepoel	B	10/08/2007	
Markman	BK	21/01/2008	
Eksteen	EP	21/01/2008	
Max	S	21/01/2008	
Oberholzer	JJ	21/01/2008	
Koopman	C	21/01/2008	
Van Staden	PH	21/01/2008	
Nkumbi	GL	21/01/2008	
Thomas	NS	21/01/2008	
Nyl	G L	21/01/2008	
Sthonga	S T	21/01/2008	
Louw	J	21/01/2008	

			Malherbe	M	21/01/2008
			Swanepoel	B	21/01/2008
					R 78 707.40

TRAINING PROGRAM	TRAINING PROVIDER	SURNAME	FULL NAMES	DATE	COST
Mun Fin Admin Learnership	Pixley/LG Seta De Aar Campus	Reed	T	21-27/01/2008	
		Leeuw	A	21-27/01/2008	
		Lucas	K	21-27/01/2008	
		James	I	21-27/01/2008	
		Reed	T	09-15/07/2008	
		Leeuw	A	09-15/07/2008	
		Lucas	K	09-15/07/2008	
		James	I	09-15/07/2008	
		Reed	T	30-5/08/2008	
		Leeuw	A	30-5/08/2008	
		Lucas	K	30-5/08/2008	
		James	I	30-	

		Reed	T	5/08/2008 20-26/08/2007	
		Leeuw	A	20-26/08/2007	
		Lucas	K	20-26/08/2007	
		James	I	20-26/08/2007	
TOTAL COST OF TRAINING PROGRAM					R 40 000.00
TRAINING PROGRAM	**TRAINING PROVIDER**	**SURNAME**	**FULL NAMES**	**DATE**	**COST**
Traffic Officers Training		Nyl	JEMS	2/01-31/06/2008	
		Ngcofe	CT	2/01-31/06/2008	
		Rasmeni	W	2/01-31/06/2008	
TOTAL COST OF TRAINING PROGRAM					
TRAINING PROGRAM	**TRAINING PROVIDER**	**SURNAME**	**FULL NAMES**	**DATE**	**COST**
Unisa MUFA DO 2	UNISA	Klaas	P	26-27/07/2008	
		Wambi	A	26-27/07/2008	
		Van der Merwe	H	26-27/07/2008	
MUFA DO 1	UNISA	Visser	I		
		Manuel	MF		
TOTAL COST OF TRAINING					

PROGRAM					
TRAINING PROGRAM	**TRAINING PROVIDER**	**SURNAME**	**FULL NAMES**	**DATE**	**COST**
ELMDP	Univ. Pretoria	Appies	CP	23-24/07/2007	
		Appies	CP	20-21/08/2007	
TOTAL COST OF TRAINING PROGRAM					R **15,000.00**
Pay DAY Admin Training	Pay Day	Swarts	Z	3-7/12/2007	
TOTAL COST OF TRAINING PROGRAM					R

GRAND TOTAL OF TRANING DONE FOR THE PERIOD 01/07/2007 TO 30/06/2008 R **258,095.29**

Personnel Administration

Personnel Administration is divided into two sub-sections, namely Salaries and Payment and Human Resource Administration (Fringe Benefits Appointments including Employment Equity statistics and completion of EE reports for the Department of Labour). In-service sessions were held throughout Emthanjeni for all the employees regarding the new dispensation for leave and sick leave. Several employees on salary level 16 to 10 had to be informed that they will receive unpaid sick leave if they have been off sick more than twice in an eight week cycle without proof of visiting a doctor.

Labour Relations

Labour Relations deals with all disciplinary matters, grievances, SALGBC and CCMA conciliations and arbitrations

List of Disciplinary cases

Type	
Alcohol abuse	4
Theft case	2
Desertion	3
Neglecting	1
Arbitrations	12
Conciliations	12
CCMA cases	4

Performance Management

With the exception of all Section 57 Directors, performance management for all officials has not yet been introduced. Performance management sessions were conducted quarterly. Both formal and informal sessions were conducted. The informal session is a one-on-one session between the Municipal Manager and the Directors whilst the formal sessions are conducted with the Performance Management Panel who evaluate the evidence from the Directors kept in the files. Quarterly reports are submitted to Council on the Performance of Directors in executing their mandate.

Community Services

Introduction

The Community Services was faced with numerous challenges during the financial year under review. The division consists of the following sections:

- Libraries
- Primary Health Services
- Fire
- Traffic
- Law Enforcement
- Licensing and Administration

The division is responsible for most of the grass roots aspects of service delivery within the Emthanjeni Municipality and the strategic principle of service delivery within this division is based on "Batho Pele" or "People First" principles. This division has strategically committed itself to providing a people-centred service, recognising that service delivery is based on the needs of people and service excellence can only be achieved through dedicated and committed staff. It will also be fair to reflect on the fact that this division was previously a department on it own, but due to the revision of the organisational structure, top management was down-sized and the Manager position was not filled after the contract of the Manager expired. The division was split and a portion of it now falls within Corporate Services Directorate.

Our aim is to provide quality services, which are accessible and equitable. This is in line with our strategy of making developmental and operational changes to better serve communities and to improve service delivery. It is our intention to be at the forefront of transformation and service excellence within Emthanjeni Municipality.

Functional Overview

Library Services

The Library Services, with its 14 staff members, renders an important educational service to the Emthanjeni community. The aim of the service is to take the libraries to the people, and this aim materialised in our project where books are delivered to the elderly at "Sonder Sorge" on a weekly basis.

The main aim of Emthanjeni Library Services is to render an effective and efficient service to the community of Emthanjeni. The Library provides

information and recreational services to adults, learners and students. This section also promotes a culture of reading through educational programmes.

We are also involved in collaboration with Provincial Library Service in a Library Development Programme where we address the needs of Libraries through financial allocation from Provincial Government.

Budget: Library services

Budget	R 335 000 .00
Actual Expenditure	R 210432 .99

Book circulation (Number of items)

De Aar	
De Aar Public Library	80 376
Libra	67292
Phandulwazi	18 486
Britstown	
Scheffer Library	10788
Hanover	
Public Library Hanover	2810

Membership

De Aar	
De Aar Public Library	4391
Libra	2440
Phandulwazi	2948
Britstown	
Scheffer Library	2190
Hanover	
Public Library Hanover	647

Primary Health Services

The aim and vision of this section is to provide health care to the community that is accessible, affordable and accountable to all. The health care personnel strive to adhere to the "Batho Pele" principle of putting people first.

During the 2007/ 2008 financial year, the Primary Health Services fell under the jurisdiction of Emthanjeni Municipality. The Constitution, as well as the National Health Act (Act 61, 2003) provides that Primary Health Care (PPHC) is the responsibility of the Provincial Department of Health. This process is still in progress in the Northern Cape and we hope to finalise the process through the Department of Health.

The Provincial Department of Health is funding these services on the basis of claims submitted against allocated funds, which where transferred to Local Government.

The community in Emthanjeni has access to various primary health care facilities. Currently a new facility is nearing completion in Nonzwakazi, De Aar.

Clinics

Clinics deliver a comprehensive health service to the Emthanjeni Community:

De Aar	:	4
Britstown	:	1
Hanover	:	1

The clinics have priority health programmes for improving the health status of the Emthanjeni Community. The priorities are Tuberculosis (TB), HIV and AIDS, Women Health, Child Health and Chronic Disease programmes. TB still remains one of the most prevalent infectious diseases amongst the lower socio-economic community in the region. TB treatment is available at all clinics and is free of charge. HIV/AIDS remains an area of concern. Voluntary counselling and testing (VCT) is being done at the clinics and all results are deemed confidential.

Section: FIRE SERVICES

The mission and vision of this section is to establish a professional Fire and Rescue Service of the highest standard for the population of Emthanjeni Municipality.
Due to lack of staff and budgetary constraints the duties in this division are performed by Traffic Officers and volunteers.
The Fire Services are divided into two main functions, these being Operations and Support Services. These two main functions of the Fire Section are taken care of by the following divisions:

- Operational Division
- Fire Safety Division
- Disaster Management Division

The Fire Section currently faces challenges with regard to the remote areas because of a shortage of efficient vehicles and human resources. Resources are constantly being pushed to the limits in an effort to render a service that is efficient and of high standard. Our service has as a key objective to address these challenges as a matter of urgency in order to render a service of a high standard.

Operational Division

The main aim of the Operational Division is to respond to fires and other emergencies. The Fire Section strives to uphold a highly efficient and professional standard of service, which is required in terms of the South African National Standard Code (SANS 0090).For different emergencies that the Fire Section has to cope with it has to ensure that, in spite of budgetary constraints, its vehicles and equipment are kept in good condition and that it is maintained regularly.

Fire Safety Division

The Fire Safety Division ensures that the necessary and required fire prevention procedures are adhered to in accordance with appropriate legislation. This is done in order to create a safe environment for people to work and live in.

Disaster Management

Pertaining to Disaster Management, this section is taking steps to ensure that the Municipality will be prepared should a disaster occur. Disaster Management entails the preparation of different plans in order to prepare for different incidents. For this reason it is important to involve different role players from both the private and public sector. It is however, imperative that there is emphasis on the importance of this section and to make sure that every possible precaution is taken with regard to the safety and well-being of the community and the environment.



Section: Traffic Services

This section consists of the following sub-sections:

- Registering and Licensing
- Traffic Law Enforcement
- Municipal Law Enforcement
- Training and Administration

The main aim of Traffic Services is to ensure a safe traffic environment for road users within the boundaries of Emthanjeni. Secondly, to serve as an agent for Provincial Administration, i.e. Registering Authority

Registering and Licensing

- Testing of applicants for Learners and Driving Licenses
- Testing of vehicles for roadworthiness
- Issuing of Roadworthy Certificates
- Registration and licensing of vehicles

Traffic Law Enforcement

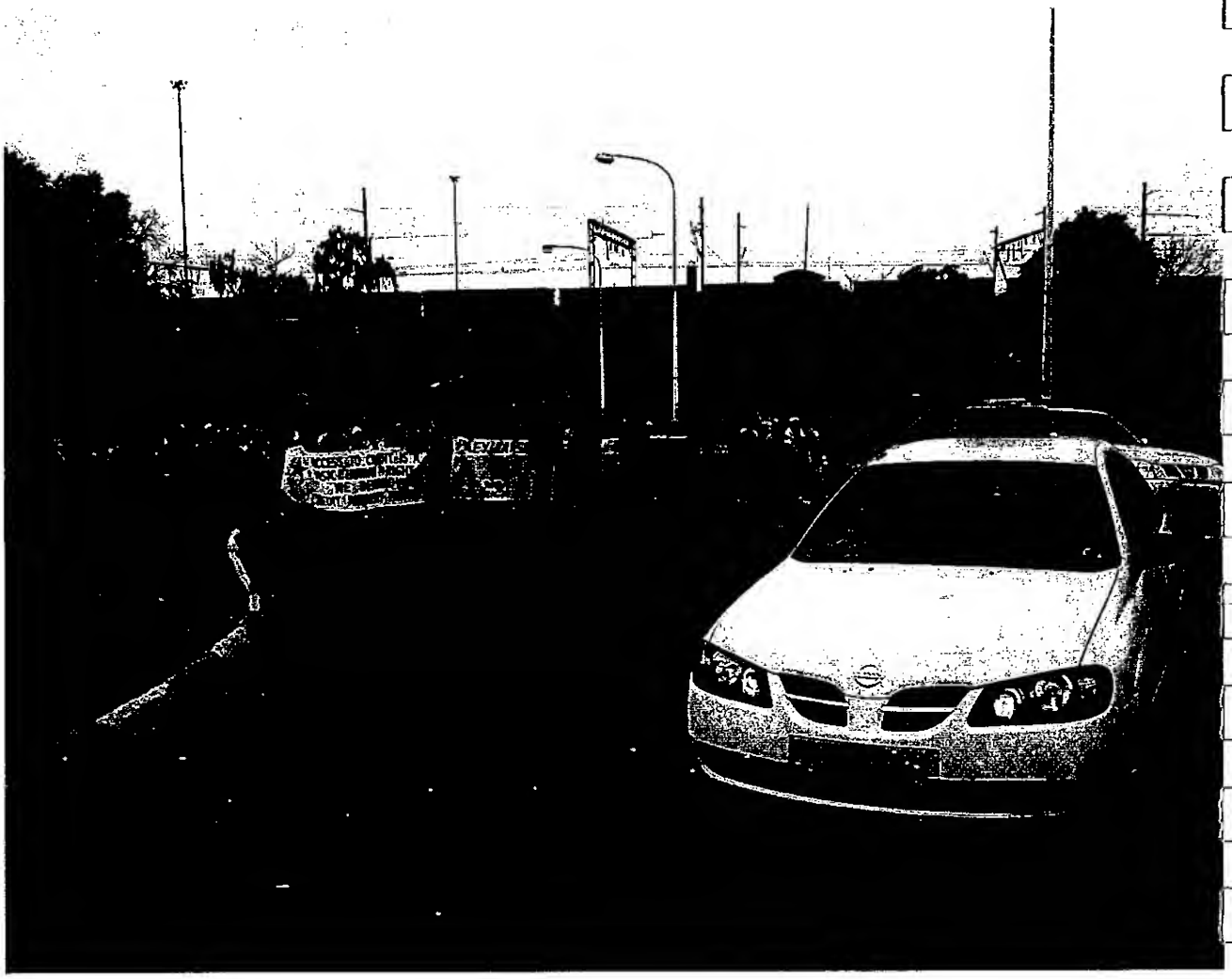
- Ensure a free flow of traffic
- Apprehension of traffic offenders
- Assistance to / Training of public
- Summons serving and execution of warrants of arrest

Municipal Law Enforcement

- Complementary service to Traffic, i.e. Point duties
- Enforcement of Municipal By- Laws

Training and Administration

- In-service training for staff and external training to community an administration of systems that relate to traffic



PRODUCTION REPORT: TRAFFIC DEPARTMENT 2007 / 2008

VIOLATIONS	C G VALENTINE		A N BOUCHER		C M NTLOKO		M M MQWEBEDU		J FORTUIN	
	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount
Drivers` Licence	57	R 26,700.00	61	R 28,200.00	10	R 4 600.00	32	R15,550.00	38	R20,100.00
PRDP	2	R 1,000.00	6	R 3,000.00	0	-	2	R 1,000.00	1	R 500.00
Motor Vehicle Licence	27	R 13,100.00	92	R 44,600.00	9	R 3,950.00	25	R12,100.00	19	R 7,500.00
Road signs and markings	7	R 4,400.00	184	R95,900.00	7	R 2,100.00	18	R 7,600.00	39	R 21,300.00
Rules of the Road	24	R 5,400.00	45	R 9,500.00	13	R 2,900.00	17	R 3,400.00	149	R 31,800.00
Parking/ Stopping	0	R -	9	R 2,700.00	0	R -	7	R 2,100.00	2	R 600.00
Defects	15	R 5,400.00	21	R 7,400.00	2	R 800.00	4	R 150.00	19	R 5,300.00
Overloading	1	R 150.00	3	R 1,500.00	1	R 150.00	0	R -	2	R 300.00
Other violations	7	R 1,400.00	11	R 3 000.00	2	R 500.00	2	R 500.00	1	R 100.00
Speed Digicams	13725	R5,025.600.00	12282	R 4,592,300.00	7836	R 2,892,500.00	30	R 8,900.00	4602	R 1,701,700.00
Speed camera (N1Hanover)	160	R 36,300.00	11807	R 4,109,700.00	0	R -	0	R -	280	
	0	R -	0	R -	0	R -	0	R -	0	R -

VIOLATIONS	6		7		8		9		10	
	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount
Drivers` Licence	0	R -	0	R -	0	R -	0	R -	0	R -
PRDP	0	R -	0	R -	0	R -	0	R -	0	R -
Motor Vehicle Licence	0	R -	0	R -	0	R -	0	R -	0	R -
Road signs and	0	R -	0	R -	0	R -	0	R -	0	R -

markings										
Rules of the Road	0	R -	0	R -	0	R -	0	R -	0	R -
Parking/ Stopping	0	R -	0	R -	0	R -	0	R -	0	R -
Defects	0	R -	0	R -	0	R -	0	R -	0	R -
Overloading	0	R -	0	R -	0	R -	0	R -	0	R -
Other violations	0	R -	0	R -	0	R -	0	R -	0	R -
Speed Digicams	0	R -	0	R -	0	R -	0	R -	0	R -
Speed camera (N1Hanover)	0	R -	0	R -	0	R -	0	R -	0	R -

Total Violations 51716

Total Amount: Fines R 18,866,850.00

Average cases per day 142

Average amount of fine R 364.82

		Payments to TVS	Net Amount of Traffic fines
Payments received: Amount	R 5,500,140.00	R 3,733,255.19 =	R 1,766,884.81
Number	18,392		

NB: This net amount does not include violations of other law enforcement agencies and also not cases which went to court.

Number of cases withdrawn: Number 1061

Amount R 464,650.00

Percentage cases withdrawn 2.05%

Percentage fines paid 35.56%

TOTAL VIOLATIONS: TRAFFIC DEPARTMENT

Violations		
Drivers` Licence	198	R 95,150.00
PRDP	11	R 5,500.00
Motor Vehicle Licence	172	R 81,250.00
Road signs and markings	255	R 131,300.00
Rules of the Road	248	R 53,000.00
Parking/ Stopping	18	R 5,400.00
Defects	61	R 19,950.00
Overloading	7	R 2,100.00
Other violations	24	R 5,500.00
Speed Digicams	38475	R 14,221,00
Speed camera (N1Hanover)	12247	R 4,246,700.00
	51716	R 18,866,850.00

PRODUCTION REPORT: TRAFFIC DEPARTMENT 2007 / 2008

TESTING CENTRE FOR DRIVERS` LICENCES

Application received and funds generated

	Number	Amount
Application for Professional Driving Permits	423	R 20,610.00
Application for Learners` Licence	1619	R 74,645.00
Application for Drivers` Licence motor cycle	3	R 300.00
Application for Drivers` Licence Light motor vehicles	591	R 84,800.00
Application for Drivers` Licence Heavy motor vehicles	477	R 66,780.00
Application for Duplicate Learners` Licence	42	R 1,420.00
Drivers` License Issued	2277	R206,776.50
Learners` License Issued	911	R 42,030.00
Temporary Drivers` License Issued	1013	R 25,380.00
Total (Gross)	7356	R522,741.50

Minus R46, 50 per card ordered

2277 R 104,792.00

(Above amount payable to card production facilities)

Test Results: Learners` and Drivers` License

	Learners	Drivers
Total Tested	1653	1124
Total Passed	893	411
Total Failed	760	713
Pass Rate	54.02%	36.57%

Net Income: Drivers` License Test Centre: R417, 949.50

Vehicle Testing Centre

Applications received and fees collected

	Numbers	Amount
Application for Roadworthy : Bus	32	R 3,620.00
Application for Roadworthy : Trucks and Vehicles	423	R 48,970.00
Application for Roadworthy : Motor cycles	28	R 1,580.00
Application for Roadworthy : Other	460	R 48,540.00
Certfication of Roadworthiness	814	R 29,080.00
Bruto Total	1757	R131,790.00

Minus 3% payable to SABS R 3, 081.30

Net Income: Vehicle Testing Station: R 128,708.70

Vehicle Test Results

Total vehicles tested	1263
Total vehicles passed –First test	490
Total vehicles retested	403
Total vehicles failed- First test	0
Total vehicles passed – Retest	368
Total vehicles failed – Retest	0
Pass rate vehicles-first test	38.80%

TOTAL INCOME AND BUDGEET OBJECTIVE: TRAFFIC

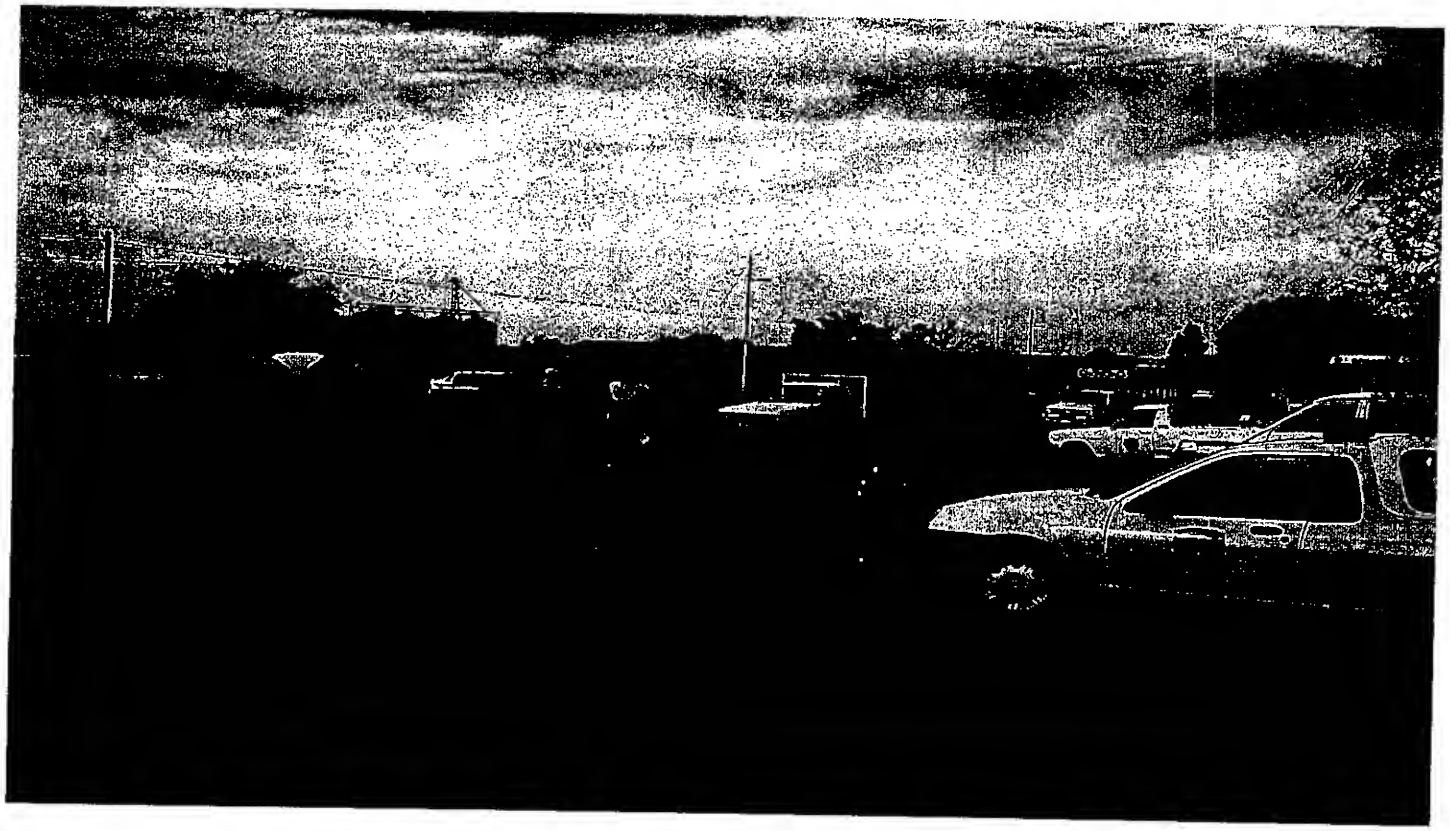
Total income: Traffic

Traffic Law enforcement	R	1, 766,884.81
Drivers` license Testing Centre	R	417,949.50
Vehicle Testing Centre	R	128,708.70
Total	R	2,313,543.01

Budget

Traffic Law enforcement	R	1, 430, 00.00
Drivers` license Testing Centre	R	485,000.00
Vehicle Testing Centre	R	120,000.00
Other	R	41,000.00
Total	R	2,076,000.00

Surplus of income over budget (-)	R	R	237,543.01



Section: DEVELOPMENT SERVICES

The report seeks to reflect the work of the Directorate relating to Development. It is indeed a pleasure to report on what transpired in the 2007/2008 financial year.

Local Economic Development

- **Responsible structure**

The unit has increased its staff capacity and the component now comprises the following:

Michael R Jack	-	Manager Development
Conrad Jafta	-	LED/IDP Officer
Brenda N Tyhaliti	-	Tourism Officer
Moses September	-	Youth Coordinator
Nathaniel Hendricks	-	Contract worker

We always strive to perform to the best of our ability and to fulfill all the duties/tasks involved. During over the period under review we managed to execute the mandate as received.

- **Commonage Management**

The unit had under its control a total of 20951 hectares. We have to point out that we share the responsibility to manage the commonage with the Infrastructure Directorate. They take care of the maintenance of the infrastructure on the land. We must be honest in conceding that we did not devote enough attention to the commonage. The land as availed to emerging farmers had to be serviced from time to time. We did have meetings with emerging farmers regarding their challenges and how we can assist them. We have signed lease agreements with all the emerging farmers (ten year lease).

During the year we did receive assistance from Department of Agriculture (Britstown, De Aar and Hanover emerging farmers). The Department worked with the emerging farmers to execute their business plan objectives. The Department could not provide assistance to all the farmers but would take into consideration those farmers that did not benefit during this year (2007/2008).

It is evident that we need to devote more attention to the commonage. The immediate task that requires attention is to look for or apply for more land through the Department.

- **Investment in the Municipal Area**

As reported during the previous year the Council has indeed made a concerted effort to lure more investors to the area. What must be raised is that we are still waiting for certain investors to commence with their work. It is clear that there was a strong and unacceptable linkage with the hospital development that was envisaged for the district. The hospital was earmarked for De Aar area but would have serviced the entire district. The following development is unfolding:

1. **Karoo Country Estate (Calidris) [Townhouse complex]** – The project has commenced but it is dependent on the buy in of potential home owners. They have identified a few phases. The company has already indicated that the 1st phase is sold out. The overarching understanding is that the project would be completed and that the local market has to buy into the project.

2. **Romando 109 [Shopping Complex and Garage]** – This business initiative has become problematic due to the fact that it could not yet get off the ground. We can indicate that they started with the process of transfers and other technical issues required. They would have been on site in the financial year, but this has not materialized.

3. **Buffer Zone Properties [Rantsig Housing Development]** – The Company acquired land for the construction of an estimated 300 affordable houses in the Rantsig area, close to the proposed hospital complex. This is fundamentally earmarked to address the provision of houses for the middle and higher income bracket. The Municipality alienated approximately 15, 1 hectares of land for this purpose. What makes the project or business initiative significant is that all involved in the venture are drawn from the disadvantaged communities which make it 100% black owned and operated. it consists of 5 phases:
 Phase 1 – Pre construction
 Phase 2 – 120 single standing units on 450m^2 stands
 Phase 3 – 80 single standing units on 450m^2 stands
 Phase 4 – 90 townhouses in 3 complexes of 30 units each
 Phase 5 – 90 flats in 6 blocks of 15 units each

According to the developers construction should commence in 2008.

4. **Buffer Zone Properties [Built It Building Material Plant]** – The prospective plant is earmarked for completion early in 2009. This is a private initiative and the Municipality is supporting the investment.

- **Ward Development Programme**

The total budget was 3.5 million. Each ward was allocated R500000 for developmental projects.

Projects completed during the period:

Ward 1
Aandblom Street - kerbing
Arend Street - kerbing
Community Park (Wentworth/Arend)
Fix a Flat Franchise

Ward 2
Toilet Paper Plant
Naidoo Street - kerbing
Makweya Street - kerbing

Ward 3
Tarring of Street 13
Speed humps - Street 2, 3+10
Storm water channel - Street 8
Building of six toilets - Booi Mantyi
Construction of Beehives

Ward 4
Speed humps - Alpha Road, Amandel Street
Community Park - Alpha Road + Appel Street
Community Park - Wentworth Street
Four-way stops erected

Ward 5
Speed humps - Station Street
Maintenance of street light poles (paint)
Upgrading of ablution facilitate (opposite Post Office)
Braai-facilities
Fencing of old church (museum purposes)
Beehives (three)
Painting of road traffic markings

Ward 6
Community Park – Kwezi
Construction of 10 houses

Ward 7
Speed humps - Dahlia + Main Street
Construction of 7 houses
Building of 7 toilets
Beautification of ward

WARD DEVELOPMENT PROJECTS 2007/2008

Ward	Budgeted	Actual Exp	% Spent	Wages	Material	Employment
1	500000	475434	95.1	139320	336114	218
2	500000	415074	83.0	110485	304589	205
3	500000	304488	60.9	97520	208968	157
4	500000	229339	45.9	96325	133014	162
5	500000	250933	50.2	103980	146953	165
6	500000	491645	98.3	120620	371025	104
7	500000	407743	81.5	76710	331033	55
Total	**3500000**	**2574656**	**73.6**	**744960**	**1831696**	**1066**

Overall percentage = 74% (Actual expenditure)
Percentage wages = 21%
Percentage material = 52%
Jobs created over 10 month period = 1066 (excluding sub contractors labour)



Integrated Development Plan

The Integrated Development Plan is a five year strategic development tool which guides planning, budgeting, implementation and annual review of performance. The purpose is to identify priority issues in conjunction with the communities, and allow us to apply the municipality's resources optimally.

The IDP guides the decision making of the Municipality. The plan is developed in terms of the Municipal Systems Act, 32 of 2000, and its regulations. Chapter 4 of the Municipal Finance Management Act provides that the Mayor should develop a budget programme to ensure community participation in the entire process. To achieve this, Council approved a budget, IDP and performance management system review for 2007/2008. The communities were consulted with regard to their needs and aspirations. This was done in line with the process plan as adopted. The annual reviewed IDP was adopted and implemented. All challenges were carried forward to the following year. The municipality is ensuring that we improve annually on service delivery and it is reflected in the IDP.

Tourism Development

Tourism sector involves an enormous part of the work of the Municipality. We could not as yet, make progress in addressing the sector in its totality, but we continue to be optimistic. It is for this reason that the Municipality will host the World Series of Paragliding during the year and also the Provincial Tourism event.
We must also indicate that we take part in the National Tourism Indaba annually. The Municipality showcases our attractions and facilities we have to offer at this event.

Challenges:

Guest-house owners are not cooperating as expected.
Tourism strategy is not yet complete.
We are not utilizing our attractions optimally.
Not enough is done to improve the sectors of tourism

Transversal Programmes

The Municipality was able to bring some relief in this area of work. A Youth Unit within the Directorate of Corporate, Community and Development Services was established. This brought stability to the Municipality in addressing youth matters and special programmes.

- **Youth Development**
 The Municipality has recruited an official to focus on youth development. This was done with the understanding that the Municipality must perform to an acceptable level. In the programme for the coming year we are planning to convene a Youth Summit to create a platform for the youth to engage the Municipality.

Other programmes

- **Website upgrade**
 The Municipality has started the upgrade of the website. We have transferred the domain and this was done to improve the system. It is already running and we should now ensure that we task an official to maintain the website. This is necessary based on fact that legislation requires that a number of policies, reports and documents must be reflected on the website.

- **Municipal Newsletter**
 The Municipality has recognized the need to have effective tools to inform the public. The newsletter is essential to keep communities abreast of developments or events in the Municipality. The newsletters were well received by the communities.

Conclusion

This report on the Corporate Service Directorate provides an account of performance highlights and area for future improvements, such as the need for community halls.

Chapter 3

FINANCE DEPARTMENT

1. INTRODUCTION

- The 2007/2008 financial year was characterized by a number of challenges that the financial department had to overcome.

- The most important of which was to improve the financial position and the audit opinion of the municipality. The following mechanisms were enforced during the year under review.

1.1 CUSTOMER CARE ENHANCEMENT IMPLEMENTATION

- Finance staff sharpened their skills in dealing with the customers of Emthanjeni Municipality.

- Batho Pele principles were refreshed and true commitment of staff was evident in executing these principles.

- Together with these efforts the customer care unit was also upgraded in order to serve the customers with care and dignity. The commitment of improving service to all its consumers is an ongoing process.





1.2 STAFF COMMITMENT AND CAPACITATION

- The re-affirmed true character of all staff in order to eliminate the challenges that the finance department was facing, is evident in the improved financial position that is currently being experienced in the municipality.

- Staff was over-all positive in contributing to the betterment of the financial department and the municipality as a whole.

- Renewed commitment of staff was the driving force for the huge improvement experienced in all facets of the department.

- Coupled with the positivity of staff, Middle Managers such as Accountants and Clerks underwent extensive financial training. These training modules were aimed at equipping staff with the knowledge of the new developments in the MFMA, Accounting Standards and the legislative requirements applicable to municipalities.

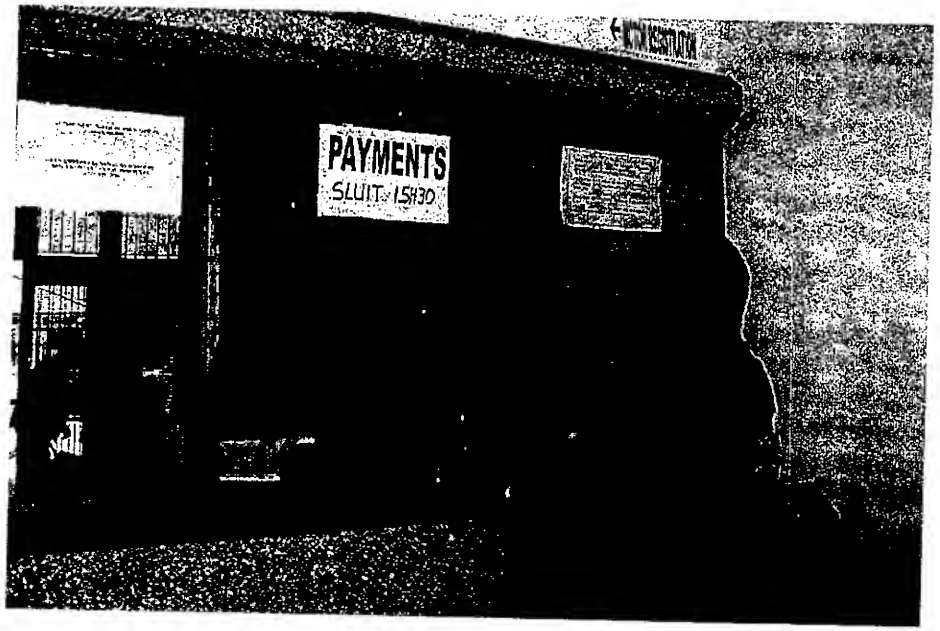
1.3 INTERNAL CONTROL

- The internal weaknesses that were identified by the Internal Audit as well as External Audit are continuously improved. Strict control mechanisms were implemented in order to tighten up the controls.

- These are also attempts by Management to ensure that the audit opinion is drastically improved compared to the previous year, which is evident

1.4 SERVICE DELIVERY AND BUDGET IMPLEMENT PLAN (SDBIP) TARGETS

- 80% of the KPI's identified during the 2007/2008 SDBIP were achieved. This is a contributing factor to the overall improvement of the functions performed in the financial department.



(See report on Performance Measurement)

2. CAPITAL EXPENDITURE

- The following capital expenditure was incurred during the financial year. Almost all budgeted capital projects were realised. This is evident from the following:

Capital Expenditure per GFS function	Budgeted 2007/2008	Actual 2007/2008
1. Finance and Admin	R 700 000	R 836 438
2. Planning and Development	R 1 000 000	R 829 246
3. Community and Social Services	R 500 000	R 300 550
4. Public Safety	R 126 000	R 119 957
5. Water Waste Management	R 8 417 000	R 8 982 974
6. Road Transport	R 827 500	R 737 200
7. Electricity	R 50 000	R 0.00
Total	**R 11 620 500**	**R 11 751 109**

The Capital Expenditure was financed from:

➢ Grants and Subsidies	R 8 417 000	R 8 982 974
➢ OWN Revenue (Capital Replacement Reserve)	R 3 203 500	R 2 817 803
Total funding sources	***R 11 620 500***	***R 11 751 109***

- In achieving the turnaround of the finances of the municipality, Council and Management adhered to sound financial and fiscal discipline.
- The budgetary processes and the Integrated Development Planning formed the basis of developing realistically anticipated revenue and expenditure forecasting.

- The upliftment and development of Emthanjeni Municipality via Ward Development and other capital projects, emphasized Council's commitment to the sustainable development and growth of the municipality.

- Clear development priorities, together with strategic goals, were identified in order to eradicate the backlogs in infrastructure, financial reforms.

- Council effortlessly promoted the provision of Free Subsidized Basic Services to Indigent Households. Council approved a threshold income amount of R 2 000 (Gross household income for Indigent Households) which is higher than the threshold amount of most municipalities.in the province.

2.1 The Free Subsidized Basic Services that Council provides to Qualified Indigent Households are:

- 50 kWh electricity (50 unit) s — R 23, 00
- 6000 l (6kl) water — R 33, 18
- Sanitation (are month's levy) — R 80, 38
- Refuse Removal (4 times per month) — R 40, 19

The total number of Indigent Households totaled 2671 households which amounted to R5, 665, 191 for the 2007/2008 financial year.

3. FINANCIAL VIABILITY (2007/2008 TOTAL FIGURES)

3.1 Cash collected from consumer debtors — **= R 45, 149, 689**

- Total operating transfers (Grants & Subsidy Income) — = R 14, 983, 037
- Total operating expenditure — = R 69, 782, 680
- Total operating income — = R 77, 822, 097
- Capital Budget spent in year — = R 11, 800, 777

- Council approved capital budget in year = R 13, 743, 000
- Invoices outstanding = R 2, 496, 127
- Orders outstanding = R 1, 169, 008
- Total outstanding customer debt as at 30 June 2008 = R 44, 390, 791

3.2 Billed revenue for the year = R 54, 540 203

- Current Assets as at 30 June 2008 = R 55, 766, 539
- Current Liabilities as at 30 June 2008 = R 21, 355, 925
- Total Receipts for the year = R 94, 323, 041
- Total Payments = R 95, 763, 147
- Salaries Budget (including benefits) = R 29, 995, 961
- Actual Salaries (including benefits) = R 28, 788, 160
- Councilor Remuneration Budget = R 2, 461, 226
- Actual Councilor Remuneration = R 2, 568, 591
- Total Operating Budget for 2007/2008 = R 72, 465, 043

3.3 INNOVATIONS

- Apart from executing the Council's credit control policy and other normal measures to collect money for services rendered by finance officials, Emthanjeni Municipality appointed VVM Debt Collectors during February 2008 who recovered **R 523 376.00** for the remaining months (February 2008 to June 2008) of the financial year.

- Continuous and constant engagement and communication between the finance directorate and other directorates on advising in budget control, and the refraining from non-productive activities with future operating expenditure consequences, which will put pressure on the Council's limited resources.

4. REVENUE COLLECTION

4.1 The monthly billings for consumer debtors were as follows:

MONTH	ASSESMENT RATES	WATER	ELECTRICITY	SEWERAGE	REFUSE	OTHER	TOTAL
July 07	2, 740, 695	769, 799	1, 620, 572	767, 492	472, 798	11, 500	6, 371, 356
Aug 07	620, 391	735, 056	1, 733, 525	782, 667	470, 417		4, 342, 056
Sept 07	632, 274	1, 019, 228	1, 689, 775	722, 772	474, 243		4, 538, 292
Oct 07	631, 808	1, 041, 453	1, 395, 761	978, 752	475, 978		4, 523, 752
Nov 07	811, 687	1, 019, 098	1, 288, 410	795, 456	479, 242		4, 393, 893
Dec 07	631, 409	1, 156, 854	1, 352, 279	795, 848	481, 033		4, 417, 423
Jan 08	645, 346	1, 144, 169	1, 380, 149	785, 746	477, 526		4, 432, 938
Feb 08	662, 864	1, 277, 956	1, 353, 480	790, 335	478, 870		4, 563, 505
March 08	639, 279	1, 077, 833	1, 297, 526	792, 717	493, 088		4, 300, 445
Apr 08	646, 923	1, 120, 202	1, 281, 424	797, 450	478, 335		4, 324, 335
May 08	626, 461	944, 237	1, 330, 914	771, 402	479, 959		4, 152, 974
June 08	632, 283	829, 082	1, 522, 372	725, 600	469, 876	11.000	4, 179, 213
2007/2008	**9, 921, 426**	**12, 134, 972**	**17, 246, 190**	**9, 506, 243**	**5, 731, 370**	**22, 500**	**54, 540, 203**

4.2 The actual collections were as follow:

MONTH	ASSESMENT RATES	WATER	ELECTRICITY	SEWERAGE	REFUSE	OTHER	TOTAL
July 07	1, 156, 053	808 908	1 564 656	774 764	518 237		4 823 621
Aug 07	1, 112, 619	622 158	1 334 73	667 651	409 348		4 146 511
Sept 07	644, 160	627 680	1 406 914	583 468	398 197		3 660 421
Oct 07	816 375	644 126	1 606 725	470 278	251 676		3 789 182
Nov 07	1 594 678	709 518	1 331 986	400 398	226 349		4 262 941
Dec 07	620 289	645 900	1 288 098	451 419	264 765		3 270 473
Jan 08	583 603	1 088 805	1 267 88	823 135	489 035		4 252 466
Feb 08	597 386	792 053	1 330 426	525 683	337 156		3 582 707
March 08	654 139	720 995	1 163 896	562 944	340 113		3 422 090
Apr 08	763 332	672 483	1 163 089	556 878	366 723		3 522 506
May 08	536 477	580 883	941 108	515 669	330 581		2 904 720
June 08	558 097	641 427	1 224 884	638 620	429 010		3 492 040
2007/2008	**9, 637, 208**	**8, 554, 936**	**13, 282, 407**	**6, 970 907**	**4, 361, 190**	**22, 500**	**45, 149, 678**

4.3 AGE ANALYSIS OF OUTSTANDING DEBTORS

Current	30 days	60 days	90 days
996 769	3 673 849	1 837 394	37, 882 779

5. OPERATING RESULTS

The operating results for the 2007/2008 financial year ended with a surplus of R 4 655 089.

5.1 OPERATING REVENUE BY SOURCE FOR THE 2007/2008

	ACTUAL	BUDGETED
Property Rates	9 984 123	8 976 855
Service Charges – Electricity	2 546 243	23 497 236
Service Charges – Water	11 034 112	12 787 642
Service Charges – Sewerage / Sanitation	7 998 393	6 621 583
Service Charges – Refuse	4 786 118	4 534 224
Service Charges – Other	161 669	20 500
Rental of facilities and equipment	173 123	676 000
Interest earned – external investment	732 739	200 000
Interest earned – outstanding debtors	1 551 675	845 567
Fines	1 945 391	1 510 000
Licenses and permits	922 530	937 500
Governments Grants & Subsidies	24 943 308	24 523 000
Other Income	439 522	
Total	**86 239 546**	**86 208 043**

5.2 OPERATING EXPENDITURE BY SOURCE

	ACTUAL	BUDGETED
Employee Related Costs – Salaries and Wages	23 790 445	24 386 855
Employee Relate Costs – Social Contribution	4 997 716	5 609 106
Councilor Remuneration	2 568 591	2 461 226
Bad Debts	3 048 116	2 367 987
Depreciation	-	1 173 951
Collection Costs	193 689	250 000
Repair and Maintenance	2 538 799	2 738 052
Interest Paid	1 307 610	1 299 265
Bulk Purchases – Electricity	11 133 426	11 014 800
Bulk Purchases – Water	622 187	466 400
Grants and Subsidies Paid	18 269 355	22 388 496
Other expenses	13 113 523	8 751 905
Total	**81 583 457**	**86 208 043**

5.3 RATES AND GENERAL SERVICES

- The three largest consumers of Council funds in this category were – Streets with a deficit of R 4 303 834
- Administration with R 3 069 506 deficit
- Council expenses with a deficit of R 3 614 069

5.4 ECONOMIC SERVICES

- Sanitation and sewerage closed with a surplus of R6 422 872 and Refuse with R2 225 491, respectively mainly due to the new connections that were billed on annual basis system.

5.5 HOUSING SERVICES

- Housing services realized a deficit of R 1 224 118 for the financial year. This relates to the establishment of the new Housing Accreditation Unit.

5.6 GRADING SERVICES

- Electricity reflects a surplus of R 7 751 875 against a budgeted surplus of R 9 752 345. This can be attributed to high number of electricity by passes that exist in the municipality. Eskom's load shedding also contributed to the over-budgeted surplus.

- Water services realized a surplus of R 5 277 676 against a budgeted R 7 008 679. This can also be attributed to an over optimistic income estimation which was not realized due to the weather conditions that existed.

5.7 BAD DEBTS

- An amount of R 5 695 501 has been contributed towards the provision of Bad Debts and it represents 12% of the total debtors. The provision for Bad Debts will be reviewed in brought in accordance with the recoverability of Debtors.

5.8 DEBTORS

- The increase of debtors on a year to year basis remains a huge concern. This affects the cash flow of the municipality and also influences planned activities that need to be executed.

- The Net Trade Debtors increased by 13, 7 % from R 38 296 155 to R 44 390 791.

- Emthanjeni Municipality appointed VVM Debt Collection firm to collect arrear amounts owed by different consumers.

6. OVERDRAFT BANK BALANCE

- With the commitment from all the external and internal stakeholders of Emthanjeni Municipality, Council and officials and the community, real efforts were made to achieve a favorable bank balance at 30 June 2008.

- This was theoretically achieved. ABSA Bank was notified and the machinery was employed to achieve this goal. However, our enthusiasm was not rewarded as ABSA did not process the instructions timeously on our bank account. The Bank Balance ended up with an unfavorable balance as at 30 June of R 1 680 915 (debit) and only reflected favorably on 01 July 2008.

7. FINANCIAL RATIO'S

7.1 LIQUIDITY RATIO'S	2007/2008	2006/2007
1. Liquidity Ratio Current Assets: Current Liability	2,6 : 1	2,3 : 1
2. Acid – Test Rates Current Assets: Inventory: Current Liability	2,59 : 1	2,3 : 1

7.2 DEBTORS PAYMENT PERIOD

	2007/2008	2006/2007
Debtors take To pay their accounts	**220 days**	**226,5 days**

7.3 CREDITORS PAYMENT PERIOD

	2007/2008	2006/2007
Payment of Creditors take place between	**32 days**	**42, 4 days**

7.4 LOANS

- External loans decreased from R 8 559 107 (in 2007) to R 7 471 907 (in 2008). Internal loans amounted to R 534 781 (R 583 986 in 2007).
- A total amount of R 1 950 000 was paid to DBSA for the 2007/2008 financial year which included capital and interest.

7.5 INVESTMENTS

- Investments increased by R 2 562 660 from R 8 172 259 on the 01 July 2007 to R 10 734 927 on 30 June 2008.
- These amounts include unspent conditional grants received for specific projects.

7.6 LEASED ASSETS

- Leased Assets of R 1 411 648 were recognised and capitalised at 30 June 2008. The total liability amount of R 871 084 is outstanding which will depreciate over the lease term.

8. GAMAP / GRAP PROCESS

- The GAMAP/GRAP conversion process will be finalised before end of June 2009.
- This project will enable us to produce comparative figures for the 2008/2009 financial year.
- The conversion project will be a combined process from an external service provider and the Chief Financial Officer together with other finance staff members. Capacitation of finance staff remains the back bone of this project.

9. CHALLENGES FOR 2008/2009 FINANCIAL YEAR

- The payment of debtors to improve the payment percentage to more than 100% remains the biggest hurdle that must be overcome.

- The adherence to all the GRAP Standards before the end of June 2009 will place tremendous pressure on the Directorates of Emthanjeni Municipality.

- The financial sustainability of the municipality in order increased it cash and cash equivalents, Capital Replacement Reserves to have more cash available for developmental projects with the municipality.

- The continuous capacitation and retention and recruitment suitably of qualified financial staff

- The sustainable improvement of the Customer Care, adherence to the Municipality's Values, Mission and Vision statement.

- The continuous improvement and adherence to all municipal legislation.

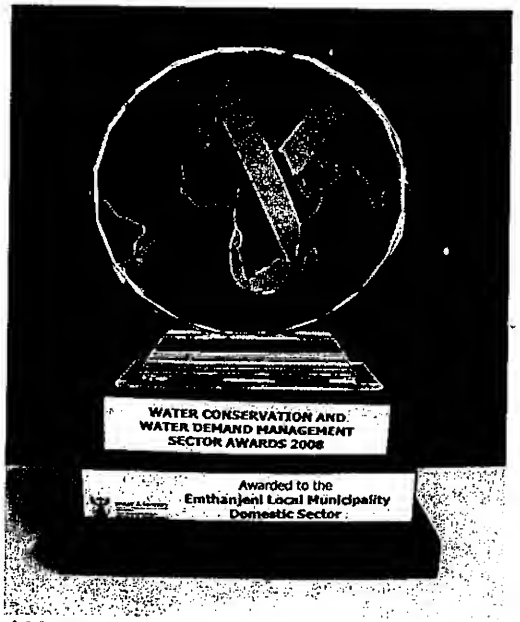
Chapter 4

DIRECTORATE INFRASTRUCTURE AND HOUSING SERVICES:

The main function of the Directorate Infrastructure and Housing Services comprise the maintenance of existing and provision of new infrastructure services and community facilities as well as the wiping out of infrastructural and housing backlogs and support of economic developments.

The Directorate contributed to various outstanding achievements during the past year, including the following:

- Final eradication of bucket sanitation 517 bucket toilets was replaced during the past year by mainly flushing toilets. The project cost R5,7 million and included the residential areas of Malay Camp, Tornadoville and Kwezi.
- Water Services Plan (WSDP) was completed and approved by Council.
- Emthanjeni received a Water Conservation and Water Demand Management Sector Award from DWAF in 2008.
- Various LED projects from Council funds such as 5 Beehives and the purchasing of a paving machine.
- Building of 17 houses from Council funds for indigent residents.
- Assistance to home owners following the storm on 2 December 2008.



Water Conservation and Demand Management Sector Award



Storm damage – 2 December 2007

PERSONNEL:

The Municipality previously consisted of four Departments but during the past year they were reduced to three Directorates, i.e. Corporate Services, Finance and Infrastructure and Housing Services.

The Directorate: Infrastructure and Housing Services (DIHS) was considerably enlarged by the addition of housing, refuse removals, sanitation, sewerage purification works and cemeteries.

The DIHS currently consists of 3 Departments i.e. Technical Services, Electrical and Housing and Project Management. The Manager Housing and Project Management has been appointed but the post of Manager: Electro-technical Services is still vacant.

The staff establishment of the various departments is set out below:

Departments / Sections	No Staff:
1. Technical Services - Manager	1
Technical officer	1
Operational staff: Water	13
Streets, Sewerage reticulation networks	32
Sanitation, Sewerage, Refuse removal, cemeteries	70
Parks and Buildings	17
Sport grounds and swimming pools	8
Mechanical workshop	6
Total Technical services department	148
2. Electrical - Manager	
Network superintendent	vacant
Operational staff	1
Total Electrical department	22
3. Housing and Project Management - Manager	23
Head housing	
Building inspector	1
Clerical staff	1
Total Housing and Project Management department	vacant
4. Infrastructure office personnel: clerks	3
TOTAL INFRASTRUCTURE AND HOUSING SERVICES	5
	2
	178

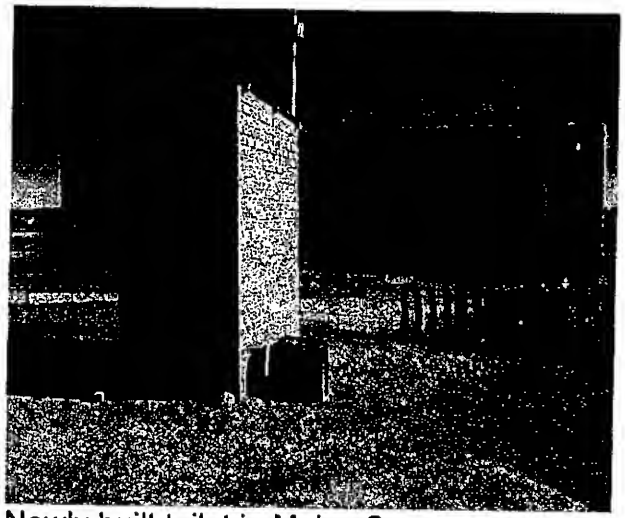
NEW INFRASTRUCTURE:

During the past financial year R5,7 million was received for approved MIG projects. The funds were mainly used to eradicate the bucket sanitation. It is important to note that the municipality spent 100% of the allocated MIG funds.

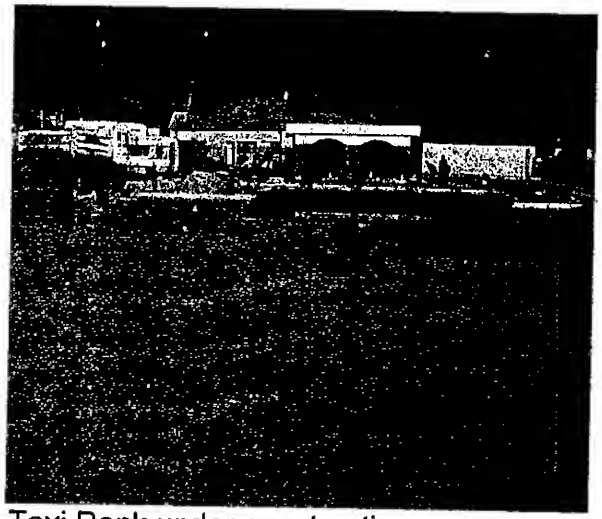
An amount of R2,8 million was appropriated by the Department of Transport for the construction of a Taxi rank.

The following projects were undertaken –

- Completion of sewer pipeline between Nonzwakazi and Leeuwenhof.
- Eradication of 18 buckets, Britstown.
- Eradication of 80 buckets, Malay Camp
- Eradication of 327 buckets, Kwezi
- Eradication of 92 buckets, Tornadoville
- Construction of Taxi Rank – 50% completed.



Newly built toilet in Malay Camp

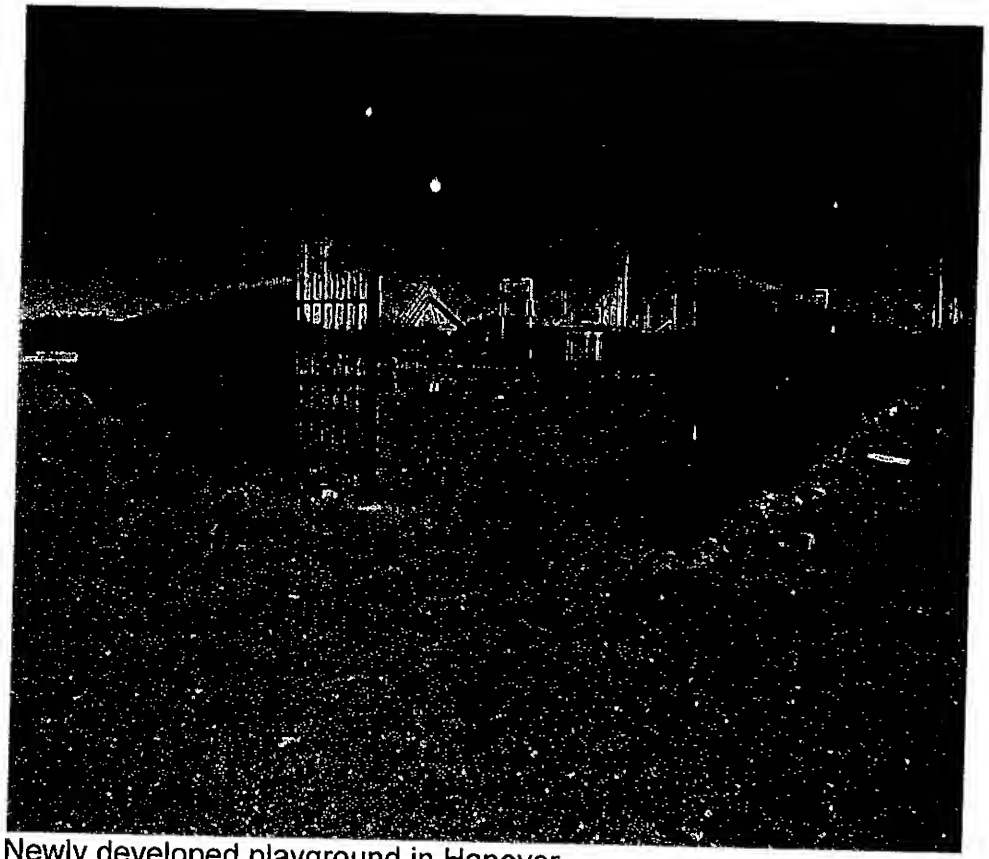


Taxi Rank under construction

JOB CREATION WARDS PROJECTS:

The Technical Department performed a supervisory and support function with regards to various projects in all 7 wards. The cost of the projects amounted to R3, 5 million and comprised the following work:

- Lying of 1190 meters of kerbing in various streets.
- 80 meters of tarred streets
- 8 speed humps
- Storm water channel
- Devils fork fencing of 3 parks and museum (church)
- Development of playgrounds
- Construction of 5 bee hives
- Building of braai facilities
- Building of 17 sub-economic houses
- Purchase of paving machine, toilet paper machine and "Fix –a – Flat" tyre machine.
- Various cleaning projects.



Newly developed playground in Hanover

TOWN PLANNING AND BUILDING CONTROL:

The staffs involved in town planning and building control provide information to other departments as well as consultants regarding proposed developments and land transactions on a continuous basis.

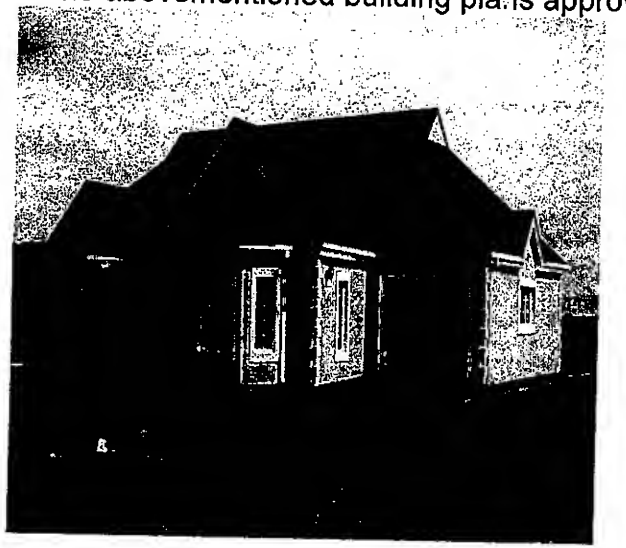
These enable the Council to take informed decisions on future developments.

- Building plan:
 During the 2007/08 financial year a total 102 building plans for an estimated value of R 8 170 587 was approved.

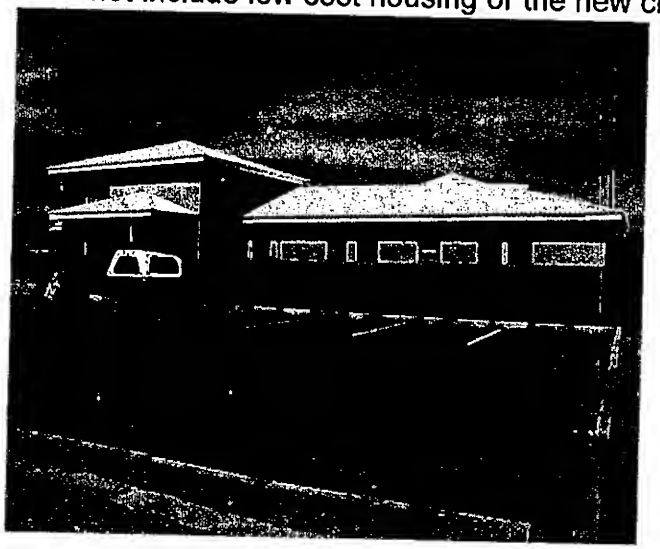
 Comparative figures for building plans approved during the past 4 years are set out below.

2004/05	64 building plans	R 4 628 821
2005/06	67 building plans	R 4 079 820
2006/07	88 building plans	R 9 159 722
2007/08	102 building plans	R 8 170 587

The abovementioned building plans approved do not include low cost housing or the new clinic in Nonzwakazi.



Calidris development show house



New clinic in Nonzwakazi

HOUSING:

Emthanjeni Municipality is one of five municipalities in the Northern Cape to receive conditional accreditation as housing developer. The backlog for sub-economic houses is currently 2512 houses. Various smaller housing projects were undertaken during the past year i.e.

- Booi Mantyi, Phase 1 – 50 houses of which 25 have been completed.
- Booi Mantyi, Phase 2 – 54 houses of which 23 have been completed.
- Barcelona 107 houses of which 7 have been completed.
- Britstown 130 houses of which 23 have been completed.
- The Council also built 26 houses from own funds in Britstown and Hanover.

A total of 104 houses were therefore built during the past year.



Booi Mantyi housing project



Britstown 7 houses under construction

WATER SERVICES:

- Bulk Supply:
 Currently all three towns are reliant on ground water for their requirements and the entire water supply is provided by 71 boreholes and 2 fountains.

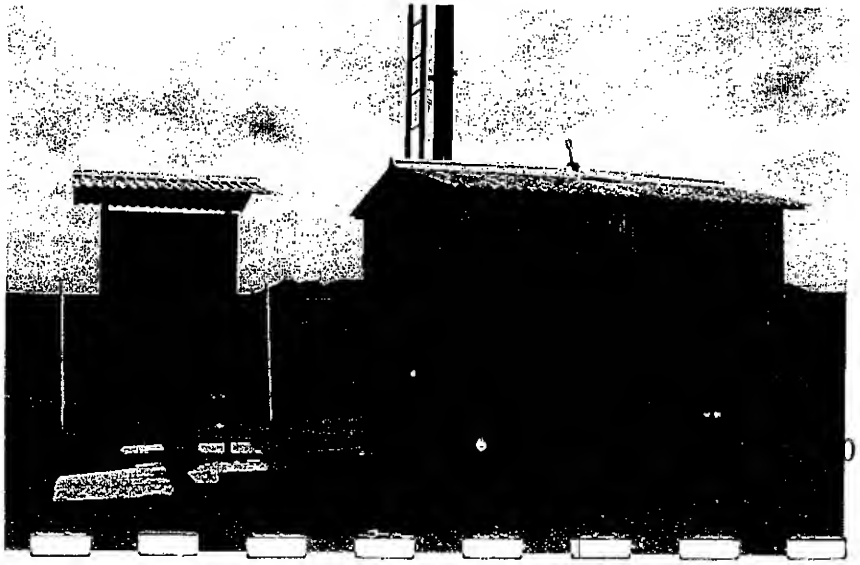
 Water is provided to the different towns via 126km of water mains, 6 pumping stations and 14 reservoirs and pressure towers.

 Emthanjeni Municipality is generally characterized by a high level of well maintained water infrastructure in the various towns. This is especially true of De Aar which also has a sophisticated and well maintained Telemetry system to monitor the water related infrastructure.

 The current annual capacity of the various boreholes is compared with abstraction below:

TOWN:	Capacity (kl)	Abstraction (kl)	Difference	% Utilized
DE AAR	2 800 000	2 200 000	600 000	80%
BRITSTOWN	270 000	225 000	45 000	83%
HANOVER	380 000	180 000	210 000	47%
TOTAL	3 450 000	2 605 000	855 000	75%

- Water Conservation and Demand Management.



Emthanjeni Municipality received an award during the past year for sustained efforts to limit water losses and the management of the water supply.

Well maintained borehole at Paardevlei water scheme

Water demand management is an ongoing process implemented to limit water losses and thus provide a cost effective service.

A water audit was carried out for the 2007/08 financial year.

Summary of water losses for the past 3 years:

	2005/06	2006/07	2007/08
Water abstraction (kl)	2 418 483	2 569 958	2 390 985
Water sales (kl)	1 824 756	1 959 174	1 814 407
Losses (kl) Bulk and network	593 727	610 784	576 578
% losses	24,5%	23,8%	24,1%

Although the % loss increased by 0, 3% compared to the previous year the kiloliter loss decreased by 34 206kl. The losses therefore actually decreased by 5, 6%.

These losses occur from borehole to consumer and include all forms of loss i.e. financial, faulty meters, leakages, un-metered supply etc.

- Operation and Maintenance – Water

 The following maintenance was carried out on water supply works during the past year.

 - Site connections:

New household water connections	-	74
Replacement of faulty water meters	-	106
Other water connections repairs & maintenance	-	451
Repair leakages to connections	-	803
Repair to public stand pipes	-	72
TOTAL	-	1506

 - Reticulation networks (in town):

Repair of leaking pipes	-	77

Repair of leaking fittings	-	8
Other repairs (valves, F.H.)	-	7

- Bulk water Supply (boreholes to towns)

Repair of leaking pipes	-	8
Replacements of faulty bulk water meters	-	8

Mains are regularly checked for leakages and defects.
All borehole meters and bulk meters in town are read on a monthly basis. Total 85 meters.

- Boreholes and Pump stations:

A variety of repair and maintenance work has been done on borehole pumping equipment, telemetric control system, booster pumps and reservoirs during the past year.



Staff of Waterworks Division doing maintenance on a borehole pump.

STREETS AND SEWER NETWORK

Emthanjeni at present has 202km of streets within the towns of De Aar, Britstown and Hanover, of which 131km (65%) are gravel and 71km (35%) are tarred. The gravel roads are graded on a quarterly basis.

Normal maintenance such as the provision of access points, patching of tarred surfaces, weeding of pavements, sweeping of streets and channels. Temporary workers are used to assist with the maintenance work.

- Gravel Roads:

 Gravel roads are graded according to a schedule on a quarterly basis. A total of 260 loads of gravel were used to resurface various streets in all 3 towns.

- Tarred Streets:

 The tarred roads are in urgent need of resealing and problems are experienced with potholes especially after rain. During the past year potholes were repaired on a regular basis. At several intersections trenches were filled and repaired.

- Pavements and Trees:

 Because of the large number of pavements, the workers on the job creation projects were used to weed the pavements in the different wards. So far as possible the trees in front of undeveloped premises and at the entrances to De Aar are watered regularly. Residents are encouraged to water the trees in front of their houses themselves. Soil is regularly provided to repair the tree basins.

- Siding:

 The municipal sidings are currently underutilized and only used by Grinaker. Railway lines are still regularly weeded.

- Airfield:

 The airfields in De Aar and in Hanover are graded regularly.

- Commonage:

 A variety of maintenance work was done during the past year on the municipal commonage covering 20 000ha. This work consisted mainly of the maintenance of windmills, watering troughs and fences.

- Sewerage Reticulation Network:

 Whenever problem areas are identified pipes are dug open and repairs carried out. During the past year this happened on 3 occasions.

 The sewerage pumping station in Hanover is cleaned on a daily basis.

 Number of sewer-backlogs occurring during the past year:

	De Aar	Britstown	Hanover	Total
Mains	133	1	5	139
Private premises	110	1	8	119
Total	243	2	13	258

SANITATION:

- Level of service:
 The municipality intends to provide water borne sanitation to all of its residents in urban areas.
 The municipality has in the past installed dry sanitation (UDS) in Britstown and Hanover but these have been the source of much dissatisfaction amongst the residents. Britstown has by far the largest problem where dry sanitation (UDS) has been installed but rejected by the community who has reverted to the use of buckets.

The current sanitation level of service is as follows:

Level of service	No of units / %	
Dry sanitation toilets (UDS) Hanover	210	2.8%
Bucket toilets, Britstown	546	7.3%
Septic tanks – water borne	948	12.6%
Bulk sewer – water borne	5821	77.3%
Total	7525	100%

- Sewage Treatment Works:
 Only De Aar has a mechanical Treatment works. Britstown and Hanover dispose of effluent through oxidation ponds.
 The following upgrading was required at the different works:
 De Aar: Currently the works only operate after hours due to inadequate electricity supply. Various types of upgrading are also required at the works.

 Britstown: The oxidation ponds are not fenced which makes them unsafe.

 Hanover: Due to the phasing out of bucket sanitation the oxidation ponds are too small and need to be extended.

 The total cost of the upgrading at all the works amounts to approximately R15, 0 million.
 Business plans for funding for De Aar and Hanover have already been completed.

- Sewerage Removal:
 At present there are 4 ways of removing sewerage namely waterborne sewerage, vacuum tanker services, bucket removal and dry sanitation removal.

- Vacuum Tanker Services:
 The service is provided on an ongoing basis at the request of residents.
 There are a number of drains which are serviced at specific times by standing arrangement. This is usually applicable to schools, hotels, guesthouses and hostels.

- Bucket Removal:
 Buckets are currently removed weekly in Britstown and twice weekly in De Aar and Hanover. After the buckets are removed they are washed and disinfected.

- At present dry sanitation is only in use in Hanover and private contractors do the clearing 6 monthly.

REFUSE REMOVAL:

- Household refuse:
 This service is provided weekly to about 7817 houses by way of black bags or tarpaulins. Refuse is removed twice weekly from business premises. Hostels and schools receive a weekly service.

- Landfill sites:
 All refuse collected, is disposed of at the different landfill sites. Problems are encountered where people remove fencing and illegal recycle refuse material.
 The sites are upgraded as funds become available. Funding was received for the upgrading of the site in De Aar and the first phase has been completed. The second phase will commence during the 2008/09 financial year.

- Refuse Containers and Informal Rubbish Dumps:
 Street cleaners are used to clean the central business districts of all three towns on a daily basis. At present 9 workers are used for this purpose and the service is also provided over weekends.

 Refuse containers and informal rubbish dumps are regularly cleared. At present 150 truck loads are removed monthly.

CEMETERIES:

The Council has 7 cemeteries where burials take place usually over weekends.

Sustained efforts are made to keep the premises neat and tidy. Upgrading is done and, where necessary, new sites are developed.

Britstown currently needs a new cemetery. The cemeteries in the centre of town are nearly 100% full and new cemetery will have to be established in 2008/09.

ELECTRICAL SERVICES

- Electrical Services:

 At present there is a staff shortage of qualified electricians in the department and no preventative maintenance is carried out currently. Apart from meter inspections and new installations the only maintenance work done relates to complaints received or faults which occur.

 Maintenance work includes the following:

 Maintenance of high and low voltage networks, street lights, erven connections and electrical equipment at the municipal installations and buildings such as waterworks, sewage works, offices, swimming pools and halls.

 Electrical Services provides a standby service on a full time basis in order to react speedily to complaints and limit power failure to a minimum.

- Connection Statistics:
 - Meter inspections carried out – 265
 - Meter moved – 22
 - Conversion of meter to prepayment – 97
 - New connections – 13
 - Meter replaced – 123
- Power Interruptions:

 During the past year 97 power interruptions occurred.
- Electricity losses for 2007/08 financial year:

	DE AAR:	BRITSTOWN:	HANOVER:
Total units purchased	46,719,081	4,767,165	2,232,765
Total units sold	39,850,064	4,439,027	1,958,746
Line losses	**14.70%**	**6.88%**	**12.27%**
TOTAL LOSSES FOR EMTHANJENI MUN	**13.91%**		

PARKS AND BUILDINGS:

- Buildings:
 A variety of repairs have been done during the past year to various Council buildings, swimming baths, sport grounds, libraries, community halls and fences.

 Following the storm damage on 2 December 2007 some of the roofs were replaced and repairs done by the building staff.

- Parks:
 Normal maintenance such as mowing, watering and pruning of trees is carried out regularly. New parks were developed as part of ward projects and Greening the Nation project.

- Sport and Recreation:

 - Municipal Swimming Baths:
 The municipal swimming baths require urgent upgrading and in the past year problems were experienced in keeping them in a clean and hygienic condition. Safety measures must be improved at the swimming baths.

- Sport Grounds:
 The upgrading and maintenance of all municipal sport facilities is high priority for the council. Regular maintenance is done but it is inadequate and must be stepped up.

 There are currently 7 sport grounds

MECHANICAL WORKSHOP

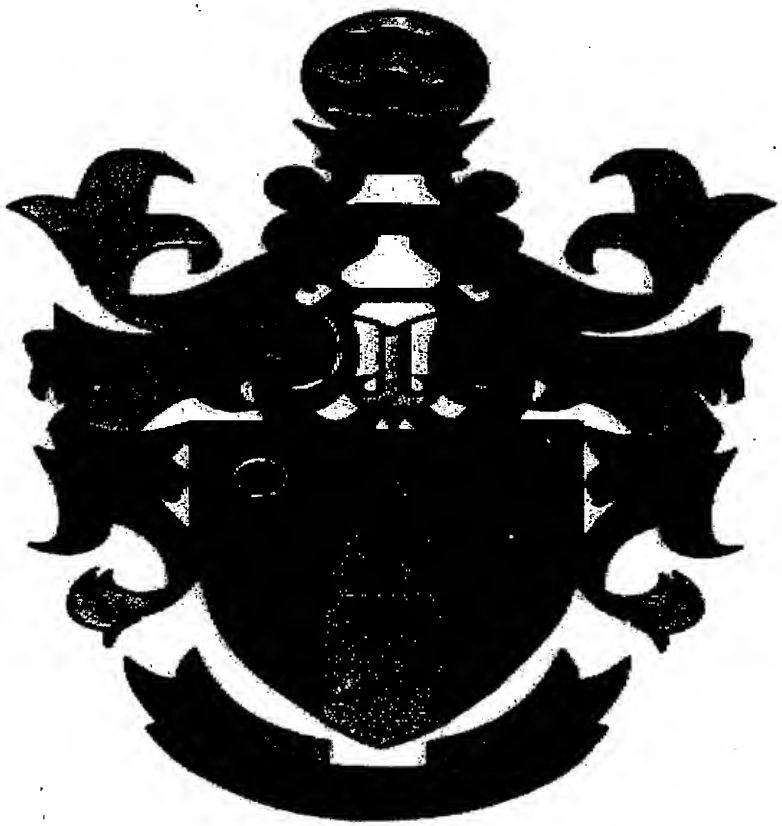
The workshop provides a support service to all departments as far as the maintenance and servicing of vehicles as well as refueling is concerned.

Work done during the past year:

Servicing of vehicles and machines	- 36
Servicing of vehicle at private garages	-14
Repairs	- 538
Welding jobs	- 206
Vehicle roadworthiness certificates	- 24
Tyre punctures repaired	-290
Tyre purchased	-133

SRV 2

MUNISIPALITEIT EMTHANJENI MUNICIPALITY



GEOUDITEERDE FINANSIËLE STATE

AUDITED FINANCIAL STATEMENTS

2007/2008

ALGEMENE INLIGTING/GENERAL INFORMATION

LEDE VAN DIE RAAD VAN EMTHANJENI /MEMBERS OF THE COUNCIL OF EMTHANJENI

Burgemeester/Mayor:

Raadslid/Councillor: B K Markman

Speaker:/Speaker:

Raadslid/Councillor: E P Eksteen

Lede van die Uitvoerende Komitee:/Members of the Executive Committee:

Raadslid/Councillor: G L Nyl
Raadslid/Councillor: A F Jaftha

Lede van die Raad:/Members of the Council:

Raadslid/Councillor: S T Sthonga
Raadslid/Councillor: C Koopman
Raadslid/Councillor: N S Thomas
Raadslid/Councillor: S Max
Raadslid/Councillor: EG Hendricks
Raadslid/Councillor: G L Nkumbi
Raadslid/Councillor : B Swanepoel
Raadslid/Councillor: M Malherbe
Raadslid/Councillor: JJJ Oberholzer
Raadslid/Councillor: J Louw

Gradering van Plaaslike Owerheid:/Grading of the Local Authority:

Graad 3/Grade 3

Ouditeure:/Auditors:

Die Ouditeur – Generaal/Auditor General

Bankiers:/Bankers:

ABSA Bank

Geregistreerde Kantoor:/Registered Office: Posadres:/Postal Address

Voortrekkerstraat/*Street 45*
De Aar
7000

Posbus 42/ *P O Box 42*
De Aar
7000

Telefoon:/*Telephone*: (053) 632 9100

Faks: /*Fax:* (053) 631 0105

Munisipale Bestuurder / *Municipal Manager*

Mnr/Mr Isak Visser

Hoof- Finansiële Beampte / *Chief Financial Officer*

Mnr/Mr M.F. Manuel

Goedkeuring van Jaarlikse Finansiële State/Approval of Annual Financial Statements:

Die Finansiële state vir die jaar geëindig 30 Junie 2008 soos uiteengesit in bladsye 5 tot 49 is goedgekeur deur die Munisipale Bestuurder op 25 Augustus 2008 en voorgelê en goedgekeur deur die Raad op 26 Augustus 2008.

The Annual Financial Statements for the year ending 30 June 2008 as set out on pages 5 to 49 were approved by the Municipal Manager on 25 August 2008 and presented to and approved by Council on 26 August 2008.

.....
I. Visser
Munisipale Bestuurder/Municipal Manager

Datum:
Date: _____

.....
Clr B.K. Markman
Burgemeester/Mayor

Datum:
Date: _____

Burgemeester's Voorwoord / *Mayor's Foreword*

Die tyd het nou aangebreek vir verbeterde ouditmenings. Die 2007/2008 finansiële jaar toon die Raad se volgehoue strewe na 'n beter ouditmenings.

Emthanjeni het verskeie inisiatiewe gemik op plaaslike ekonomiese ontwikkeling van stapel gestuur ten einde ons ontwikkelingsrol te vervul. Hierdie geleenthede het volhoubare werk geskep vir begunstigdes wat die welverdiende kanse nodig gehad het.

Kliëntediens en gesonde finansiële dissipline bly steeds 'n steeds 'n hoë prioriteit vir die Raad. Die voortgesette verskaffing van gratis basiese dienste (GBD) aan behoeftige huishoudings sal nie gekompromitteer word nie aangesien dit die Raad se bydrae aan kwesbares verteenwoordig. Daar word formeel beslag gegee aan volhoubare gesamentlike pogings deur die Raad en die privaatsektor om die huidige en beoogde toekomstige ontwikkelings te bevorder. Hierdie ekonomiese inspuitings sal stukrag verleen aan groei binne Emthanjeni Munisipaliteit.

Voldoening aan vereistes van wetgewing is sigbaar in die finansiële bedrywighede van die afgelope jaar. Die vermindering van die oortrokke banksaldo is bewys hiervan. Die Netto Oorskot van R3 104 117 verteenwoordig 'n styging van 317.7% vergeleke met die vorige jaar.

Die Opgehoopte Oorskot wat na die nuwe finansiële jaar oorgedra gaan word, beloop R14 852 583. Die toename in uitstaande debiteure ondermyn die Raad se verbintenis tot doeltreffende kontantvloeibestuur. Die aanstelling van VVM Skuldinvorderaars sal administrasie help om hierdie bedrae te verbeter. Die implementering van beleide is nie onderhandelbaar nie.

Ten slotte, wil ek graag die Speaker, Hoofsweep, Raadslede, Munisipale Bestuurder, Direkteure en al die personeel bedank vir hulle ondersteuning.

The time for improved audit opinions is now. The 2007/2008 financial year reflects Council's commitment to achieve a better opinion.

In order to fulfill our developmental role, Emthanjeni undertook various local economic developmental initiatives. These opportunities provided beneficiaries, those who needed the well deserved breaks, with sustainable job creation.

Customer care and sound financial discipline remains a high priority of the Council. The continuous rendering of free basic services (FBS) to indigent households will not be compromised as it is Council's contribution to the vulnerable. Sustainable collective efforts by Council and the private sector are being formalized in order to promote the current and future developments envisaged. These economic injections will enhance growth in the Emthanjeni Municipality.

Compliance with legislation can be observed in the financial activities that took place over the past year. This is evident in the reduction of the overdraft bank balance. The Net Surplus of R3 104 117 reflects a 317.7% increase compared to the previous year. The Accumulated Surplus that will be carried over to the new financial year amounts to R15 027 636.
The increase in the outstanding debtors undermines Council's commitment to effective cash flow management. The appointment of VVM Debt Collectors will assist the administration in

reducing these amounts and improve cash reserves. The implementation of policies is not negotiable.

Lastly, I would like to thank the Speaker, Chief Whip, Councillors, Municipal Manager, Directors and all the staff for their support.

Raadslid / *Councillor* BK Markman
Burgemeester / *Mayor*

REKENINGKUNDIGE BELEID

1. Basis van Aanbieding

1.1 Hierdie finansiële state is opgestel om te voldoen aan die standaarde neergelê deur die Instituut van Munisipale Tesouriers en Rekenmeesters in sy **Gebruikskode (1992)** en die **Verslag oor Gepubliseerde Finansiële Jaarstate (Tweede Uitgawe – Januarie 1996).**

1.2 Die finansiële state word op die historiese kostebasis opgestel en aangepas vir vaste bates, soos uiteengesit in Rekeningkundige Beleid, aantekening 3. Die rekeningkundige beleid stem ooreen met die van die vorige jaar, behalwe waar anders aangedui.

1.3 Die finansiële state word volgens die toevallingsgrondslag opgestel:

- Inkomste word erken wanneer dit meetbaar en invorderbaar word. Sekere direkte inkomste soos verkeersboetes en sekere lisensies word erken wanneer dit betaal word.

- Uitgawe word erken in die jaar waarin dit aangegaan word.

2. Konsolidering

Die finansiële state omsluit Belasting- en Algemene Dienste, Behuisingdienste, Handelsdienste en die verskillende fondse, reserwes en voorsienings. Alle interdepartementele transaksies word teen mekaar verreken, behalwe in die geval van eiendomsbelasting, elektrisiteit, vullisverwydering en water wat as inkomste en uitgawe in die onderskeie departemente behandel word.

3. Vaste Bates

3.1 Vaste bates word getoon:

- teen historiese koste; of
- teen waardasie (gebasseer op die markprys op die datum van verkryging), waar bates deur middel van 'n toekenning of skenking verkry is, terwyl dit bestaan en geskik is vir gebruik, behalwe in die geval van massa-bates wat aan die einde van hul beraamde lewensduur, soos vasgestel deur die Tesourier, afgeskryf word.

3.2 Waardevermindering:

Die saldo wat teen die opskrif "Lenings Afgelos en Ander Kapitaalontvangste" in die aantekening tot die balansstaat getoon word, is gelykstaande aan 'n voorsiening vir waardermindering. Behalwe vir voorskotte uit die verskillende raadsfondse, kan bates ook op die volgende wyse verkry word:

- Toewysings uit inkomste, waar die volle koste van die bate 'n onmiddellike en direkte heffing teen bedryfsinkomste vorm, en dit dus nie nodig is om enige verdere voorsiening vir waardevermindering te maak nie.
- Toekenning of skenking, waar die bedrag wat die waarde van so 'n toekenning of skenking verteenwoordig, onmiddellik na die "Lenings Afgelos en Ander Kapitaalontvangste"-rekening gekrediteer word.
- Fotokopieërders, laserfaksmasjiene, drukkers en telefoonstelsels wat ingevolge bruikhuurfinansiëringooreenkomste gehuur word, word oor die nuttige / verwagte lewensduur volgens die huurtermyn afgeskryf.

3.3 Die netto opbrengs uit die verkoop van roerende vaste bates word na die Wentelfonds gekrediteer. Die netto opbrengs van die verkoop van alle onroerende bates word teen die Wentelfonds gekrediteer.

3.4 Vaste bates word uit verskillende bronne gefinansier, insluitend eksterne lenings, bedryfsinkomste, bemakings voorskotte. Dié lenings en voorskotte word terugbetaal binne die beraamde nuttige lewensduur van die bates wat uit sodanige lenings en voorskotte gefinansier word. Rente word teen die heersende rentekoers ten tye van die toestaan van dié voorskot teen die betrokke diens gedebiteer.

4. Voorraad

Voorraad word waardeer teen die laagste van koste, vasgestel volgens die geweegde gemiddelde grondslag, en die netto realiseerbare waarde.

5. Fondse en Reserwes

5.1 Wentelfonds

Die Ordonnansie op die Wentelfonds, nr 20 van 1974, vereis dat 'n plaaslike owerheid 'n bydrae van 7.5% van die erfbelastinginkomste van die onmiddellik voorafgaande jaar of die vorige jaar se bydrae plus 20% tot die fonds sal maak welke bydrae die kleinste die verpligte bydrae is.

5.2 Leningsdelgingsfonds

Die delging van Eksterne Lenings in die Gekonsolideerde Leningsfonds word voorsien deur die jaarlikse terugbetaling van voorskotte wat aan leendienste gemaak is, bereken volgens die beraamde nuttige lewensduur van die bates aangeskaf, dog onderhewig aan 'n maksimum van 30 jaar op die lewensduur

van enige individuele bate. Interne voorskotte word in die verhouding tot die beraamde nuttige lewensduur van 'n bate terugbetaal. Die delging van staatslenings word halfjaarliks op 'n annuiteitgrondslag gedoen.

5.3 Delgingsfonds

Bogenoemde fonds is gestig met die doel on sekere lenings op die aflosdatum ten volle te vereffen en slegs die rente word halfjaarliks betaal.

5.4 Trustfonds

Bogenoemde fondse word gehou vir 'n spesifieke doel en die Raad kan op geen stadium gebruik maak van hierdie fonds vir enige ander gebruik as waarvoor die fonds oorspronklik gestig was nie.

6. Voorsienings

Voorsienings word gestig om verpligtings of gebeurlikhede wat ten tye van die balansstaat bekend is, maar waarvan die betrokke bedrae nie met redelike sekerheid bepaal kan word nie, na te kom. Voorsienings wat 'n vermindering in die waarde van gepaardgaande bedryfsbates verteenwoordig, word in die betrokke aantekeninge direk van die totaal van die betrokke bates afgetrek en dus nie afsonderlik in aantekening 12 getoon nie.

7. Aftreevoordele

Die Raad en sy werknemers dra by tot die Kaapse Gemeenskaplike Pensioenfonds, die Kaapse Gemeenskaplike Aftreefonds, Samwu National Provident Fund en SALA, terwyl sy raadslede tot die Pensioenfonds vir Raadslede bydra.

Die aftreevoordeleplan is onderhewig aan die Wet op Pensioenfondse, 1956 en pensioene word bereken volgens die laaste pensioendraende vergoeding betaal. Huidige bydraes word teen bedryfsinkomste gehef, gegrond op huidige dienskoste. Ongunstige ondervindingsaanpassings en die koste van die versekering van verhoogde voordele word afgeskryf oor die kleinste van die oorblywende dienstydperk van werknemers of vyf jaar. Gunstige ondervindingsaanpassings word in die aftreevoordeleplan behou.

8. Oorskotte en Tekorte

Enige oorskotte of tekorte wat uit die bedryf van Elektrisiteits- en Waterdienste voortspruit, word ten volle na Belasting- en Algemene Dienste oorgedra.

9. Behandeling van Administratiewe en Ander Koste

Die koste van interne hulpdienste word, in ooreenstemming met die riglyne in die Instituut se Verslag oor die Rekeningkundige Behandeling (1990), teen die verskillende dienste gedebiteer.

10. Huurooreenkomste

Huurooreenkomste word as bruikhuurfinansiëring geklassifiseer wanneer al die risiko en belonging wat wesentlik met eienaarskap van 'n bate gepaard gaan oorgedra word, maar eiendomsreg van hierdie bates nie aan Emthanjeni Munisipaliteit oorgedra word nie.

Bates onderhewig aan bruikhuurooreenkomste word teen hulle kontantkoste-ekwivalent gekapitaliseer en die ooreenstemmende laste word geskep. Die koste van die bate verminder in waarde teen gepaste koerse oor die verwagte nuttige lewensduur van die huurtermyn. Bruikhuurbetalings word geallokeer tussen bruikhuurfinansieringskoste en die kapitaaldelging volgens die effektiewe rentekoersmetode Bruikhuurpaaiemente word betaal wanneer verskuldig.

11. Beleggings

Beleggings word teen die laagste van koste of markwaarde getoon indien daar 'n voortdurende afname in waarde is. Beleggings word gedoen ooreenkomstig Omsendbrief nr LG/PB/31/1992 van 28 September 1992 en Omsendbrief C/35/1994 van 13 Julie 1994 soos uitgereik deur Tak Gemeenskapsdienste van die Provinsiale Administrasie van die Provinsiale Administrasie.

12. Uitgestelde Koste

Die Raad beskik oor geen uitgestelde koste nie.

13. Inkomste-erkenning

13.1 Elektrisiteit en Waterheffings

Meters in alle gebiede en op standplase met hoogspanningstoevoer word maandeliks gelees en gefaktureer en waar geen lesings geneem word nie, word beramings gefaktureer.

13.2 Eiendomsbelasting

Emthanjeni Munisipaliteit maak van 'n gedifferensieerde belastingstelsel gebruik. Volgens hierdie stelstel word eiendomsbelasting op die

grondwaarde van eiendomme gehef. Die besigheidspersele betaal ook 'n klein heffing vir parkering. Korting word op grond van inkomste en ouderdom gegee.

13.3 Ander inkomste

Die inkomste van dienste soos vullisverwydering en riolering wat deur middel van debiteure verhaal word, word erken wanner sodanige heffings teen die rekenings gedebiteer word. Die inkomste uit ander (kleiner) dienste, lisensies of gelde word erken wanner dit betaal word.

14. Gekonsolideerde Leningsfonds

Die kapitaalhulpbronne van die Gekonsolideerde Leningsfonds bestaan uit beide eksterne en interne lenings. Voorskotte word aan die leendienste toegestaan teen 'n rentekoers gelykstaande aan die koste van die Fonds se kapitaalbehoeftes, en word terugbetaal oor die nuttige lewensduur van die bates wat so gefinansier word.

ACCOUNTING POLICIES

1. Basis of Presentation

1.1 The financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Treasurers and Accountants in its Code of Practice (1992) and Report on Published Annual Financial Statements (Second Edition - January 1996).

1.2 The financial statements are prepared on the historical cost basis and adjusted for fixed assets, as set out in Accounting Policy, note 3. The accounting policies are consistent with those applied in the previous year, except where otherwise indicated.

1.3 The financial statements are prepared according to the accrual basis:

- Income is accrued when measurable and available to finance operations. Certain direct income, such as traffic fines and certain licenses, is accrued when received.

- Expenditure is accrued in the year it is incurred.

2. Consolidation

The financial statements include Rates and General Services, Housing Services, Trading Services and the different funds, reserves and provisions. All interdepartmental transactions are set-off against one another, with the exception of assessment rates, electricity, refuse removal and water, which are treated as income and expenditure in the respective departments.

3. Fixed Assets

3.1 Fixed Assets are stated:

- at historical cost, or

- at valuation (based on the market price at date of acquisition), where assets have been acquired by grant or donation, while they are in existence and fit for use, except in the case of bulk assets which are written off at the end of their estimated life as determined by the Treasurer.

3.2 Depreciation:

The balance shown under the heading "Loans Redeemed and Other Capital Receipts" in the notes to the balance sheet is tantamount to a

provision for depreciation. Apart from provisions from the various council funds, assets may also be acquired through:

- Appropriations from income, where the full cost of the asset forms an immediate and direct charge against the operating income and it is therefore unnecessary to make any further provision for depreciation.
- Grant and donation, where the amount representing the value of such a grant or donation is immediately credited to the "Loans Redeemed and Other Capital Receipts" account.
- Photocopiers, laser faxes, printers and telephones system leased under finance lease agreements are written off over their useful lives according to the lease term

3.3 All net proceeds from the sale of movable property are credited to the revolving fund. Net proceeds from the sale of all fixed assets are credited to the revolving fund.

3.4 Fixed assets are financed from different sources, including external loans, operating income, endowments and internal advances. These loans and advances are repaid within the estimated lives of the assets acquired from such loans or advances. Interest is charged to the service concerned at the ruling interest rate applicable at the time that the advance is made.

4. Stock

Stock is valued at the lower of cost, determined on the weighted average basis, and net realisable value.

5. Funds and Reserves

5.5 Revolving Fund

The Ordinance on Revolving Funds, no 20 of 1974, requires that a local authority makes a contribution of 7,5% of the rates assessment income for the immediately preceding year or the previous year's contribution plus 20% to the fund, whichever contribution is the smallest of the compulsory contribution.

5.6 Loan Redemption Fund

The redemption of External Loans in the Consolidated Loan Fund is provided through the annual repayment of advances made to the borrowing services, calculated according to the estimated useful lives of the assets acquired, but still subject to a maximum of 30 years on the life expectancy of any individual asset. Internal loans are repaid proportionately according to the expected

useful lives of an asset. The redemption of government loans are done half yearly on an annuity basis.

5.7 Redemption Fund

This fund was established with the primary objective of redeeming certain loans in full on the redemption date with only the interest being payable six monthly.

5.8 Trust Fund

The fund was established for a specific purpose. Council may not use this fund for any other purpose.

6. Provisions

Provisions are made to meet liabilities or contingencies, known at the time of the balance sheet, but for which the amounts concerned cannot be estimated with reasonable certainty. Provisions, which represent a reduction in the value of the assets concerned, are in the applicable notes deducted directly from the total of the assets concerned and are not therefore shown separately in note 12.

7. Retirement Benefits

Council and its employees contribute to the Cape Joint Pension Fund. Cape Joint Retirement Fund, SAMWU National Provident Fund (SNPF) and SALA. Councillors contribute to the Pension Fund for Councillors.

The retirement benefit plan is subject to the Pensions Act of 1956 with pensions being calculated on the final pensionable remuneration paid. Current contributions are charged against operating income on the basis of current service cost. Unfavourable experience adjustments and the cost of insurance of increased benefits is written off over the smallest of the remaining service period of employees or five years. Favourable experience adjustments are retained in the retirement benefit plan.

8. Surplusses and Deficits

Any surpluses or deficits arising from the operation of electricity and water services are transferred to Rates and General Services.

9. Treatment of Administration and Other Overhead Expenses

The cost of internal support is transferred to the different services in accordance with the Institute Report on Accounting for Support Services (1990).

10. Leases

Leases are classified as finance leases where substantially all the risk and rewards incidental to ownership of an asset, but ownership titles of these assets are not transferred to Emthanjeni Municipality.

Assets subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the assets is depreciated at appropriate rates over the useful lives of the leases term. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease instalments are expensed when incurred.

11. Investments

Investments are shown at the lower of cost or market value if a permanent decline in the value occurred. Investments are made in accordance with Circular no LG/PB/31/1992 of 28 September 1992 and Circular no C/35/1994 of 13 July 1994 as issued by Provincial Administration - Community Service Branch.

12. Deferred Charges

The Council has no deferred charges.

13. Income Recognition

13.1 Electricity and Water Billings

Meters in all areas and on plots with high voltage supply are read and billed monthly and where no readings are recorded, estimates will be billed.

13.2 Assessment Rates

Emthanjeni Municipality applies a differential tariff rating system. In terms of this system assessment rates are levied on the land value of the property. Businesses also pay a small amount for parking. Discount is given based on conditions relating to age and income.

13.3 Other Income

Income from services like refuse removal and sewerage, which are recouped through debtors, are recognised as soon as such services are debited against the accounts. Income from smaller services, licences or monies are recognised when they are paid.

14. Consolidated Loans Fund

The capital resources of the Consolidated Loan Fund consist of both external and internal loans. Advances are made to borrowing departments at an interest rate equal to the cost of the Fund's capital requirements and are repaid over the useful life of the asset acquired.

MUNISIPALITEIT EMTHANJENI MUNICIPALITY
BALANSSTAAT SOOS OP 30 JUNIE 2008
BALANCE SHEET AS AT 30 JUNE 2008

	Aant Note	2008	2007
KAPITAAL AANGEWEND/ CAPITAL EMPLOYED			
FONDSE EN RESERWES/FUNDS AND RESERVES		18,918,783	17,715,102
Statutêre fondse en ander fondse/Statutory and other Funds	1	18,918,783	17,715,102
Reserwes/Reserves	2	0	0
OPGEHOOPTE TEKORT/ACCUMULATED DEFICIT ONAANGEWENDE INKOMSTE/RETAINED SURPLUS	3	16,404,555	11,077,349
		35,323,338	28,792,451
TRUSTFONDSE/TRUST FUNDS	4	0	0
LANGTERMYN VERPLIGTINGS/LONG-TERM LIABILITIES	5	6,642,035	8,226,684
VERBRUIKERSDEPOSITO'S/CONSUMER DEPOSITS	6	1,390,401	1,130,074
		43,355,774	38,149,209
AANWENDING VAN KAPITAAL EMPLOYMENT OF CAPITAL			
VASTE BATES/FIXED ASSETS	7	8,877,772	10,338,815
LANGTERMYN BELEGGINGS/LONG-TERM INVESTMENTS	9	0	0
LANGTERMYN DEBITEURE/LONG-TERM DEBTORS	10	67,384	78,977
		8,945,156	10,417,792
NETTO BEDRYFSBATES /(LASTE)/ NET CURRENT ASSETS(LIABILITIES)		**34,410,616**	**27,731,421**
BEDRYFSBATES/CURRENT ASSETS		55,766,539	48,794,843
Voorraad/Stock	11	503,674	304,697
Debiteure/Debtors	12	44,390,791	38,296,155
Beleggings/ Investments	13	10,734,927	8,172,259
Korttermyn gedeelte: LT Debiteure/Short-term portion: LT Debtors	10	11,593	11,034
Bank en Kontant/Bank and Cash	14	125,553	2,010,698
BEDRYFSLASTE/CURRENT LIABILITIES		21,355,923	21,063,422
Krediteure/Creditors	15	7,562,503	8,052,830
Ongespandeerde Toekenings/Unspent Conditional Government Grants	16	2,177,320	890,227
Voorsienings/Provisions	17	2,527,763	2,449,243
Lenings : Korttermyn gedeelte// Loans: Short term portion	5	1,700,956	1,528,146
Bankoortrekking/Bank overdraft	14	7,387,380	8,142,976
		43,355,774	38,149,209

I Visser
Munisipale Bestuurder
Municipal Manager

M.F. Manuel
Hoof Finansiële Beampte
Chief Financial Officer

MUNISIPALITEIT EMTHANJENI MUNICIPALITY
INKOMSTESTAAT VIR DIE BOEKJAAR GEëINDIG OP 30 JUNIE 2008
INCOME STATEMENT FOR THE YEAR ENDING 30 JUNE 2008

2006/2007 Werklike Inkomste Actual Income R	2006/2007 Werklike Uitgawe Actual Expenditure R	2006/2007 Oorskot/ (Tekort) Surplus/ Deficit R		Notes/ Notas	2007/2008 Werklike Inkomste Actual Income R	2007/2008 Werklike Uitgawe Actual Expenditure R	2007/2008 Oorskot/ (Tekort) Surplus/ Deficit R	2007/2008 Begroting Oorskot /Tekort Budget Surplus/(Deficit) R
39,561,505	49,609,999	(10,048,494)	BELASTING & ALGEMENEDIENSTE/ RATES AND GENERAL SERVICES		49,961,257	57,110,501	(7,149,244)	(15,656,195)
25,568,804	38,751,016	(13,182,211)	Gemeenskapsdienste/Community services		20,441,165	35,440,258	(14,999,093)	(19,164,731)
869,646	2,221,297	(1,351,651)	Gesubsidieerde dienste/Subsidised services		977,907	2,310,950	(1,333,044)	(1,134,185)
13,123,055	8,637,686	4,485,368	Ekonomiese dienste/Economic services		28,542,185	19,359,292	9,182,893	4,642,721
53,756	1,238,729	(1,184,973)	BEHUISINGSDIENSTE/HOUSING SERVICES		28,829	1,253,047	(1,224,218)	(1,104,829)
29,714,247	18,563,502	11,150,745	HANDELSDIENSTE/TRADING SERVICES		36,249,461	23,219,910	13,029,551	16,761,024
69,329,507	69,412,231	(82,724)	TOTAAL/TOTAL		86,239,547	81,583,457	4,656,089	0
		645,729	Aanwendings vir die jaar/Appropriations for the year				671,117	
		563,005	Netto Oorskot/ (Tekort) vir die jaar Net Surplus/(Deficit) for the year				5,327,206	
		10,514,345	Onaangewende Oorskot /(Opgehoopte Tekort) begin van die jaar Unappropriated / Accumulated surplus/(Deficit) beginning of the year				11,077,349	
		11,077,349	ONAANGEWENDE OORSKOT/(TEKORT) EINDE VAN JAAR UNAPPROPRIATED / ACCUMULATED SURPLUS/(DEFICIT END OF YEAR				16,404,555	

MUNISIPALITEIT EMTHANJENI MUNICIPALITY
KONTANTVLOEISTAAT VIR DIE JAAR GEëINDIG OP 30 JUNIE 2008
CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2008

	Aant Note	2007/2008	2006/2007
KONTANT TERUGGEHOU UIT BEDRYWIGHEDE			
CASH RETAINED FROM OPERATING ACTIVITIES		1,553,498	(2,144,115)
Kontant deur bedrywighede voortgebring/Cash generated by operations	20	6,140,880	2,044,548
Beleggingsinkomste/Investment income		2,284,413	1,636,934
(Toename)/afname in bedryfskapitaal/(Increase)/Decrease in working capital	21	(5,496,853)	(4,380,775)
		2,928,441	(699,293)
Min: Eksterne rente betaal/Less External interest paid	23	1,374,943	1,444,823
Kontant beskikbaar uit bedrywighede/Cash available from operations		1,553,498	(2,144,115)
Kontantbydraes van die publiek en die staat/Cash contributions from public and State		0	0
Netto opbrengs uit verkoop van vaste bates/Net proceeds from disposal of fixed assets		0	0
KONTANT GEBRUIK VIR BELEGGINGSBEDRYWIGHEDE			
CASH UTILISED IN INVESTING ACTIVITIES			
Belegging in vaste bates/Investment in fixed assets	24	1,291,459	(1,837)
NETTO KONTANTVLOEI/NET CASH FLOW		2,844,958	(2,145,964)
KONTANTUITWERKING VAN FINANSIERINGSBEDRYWIGHEDE			
CASH EFFECTS OF FINANCING ACTIVITIES			
Toename/(Afname) in langtermynlenings/Increase/(Decrease) in long-term loans	23	(1,584,648)	(332,423)
Toename/(Afname) in korttermynlenings/Increase/(Decrease in short-term loans		172,810	303,526
(Toename)/Afname in kontantbeleggings/(Increase)/Decrease in cash investments	25	(2,562,668)	1,065,477
(Toename)/Afname in kontant/(Increase)/Decrease in cash	26	1,129,550	1,109,385
NETTO KONTANT (VOORTGEBRING)/GEBRUIK/NET CASH (GENERATED)/UTILISED		(2,844,958)	2,145,964

MUNISIPALITEIT EMTHANJENI MUNICIPALITY
AANTEKENINGE TOT DIE FINANSIËLE STATE SOOS OP 30 JUNIE 2008
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2008

	2007/2008	2006/2007
1. Statutêre fondse en ander fondse: **Statutory funds and other funds:**		
Statutory funds		
Wentelfonds/Revolving fund	18,694,082	17,715,102
Delgingsfonds/Redemption fund	16,561,251	15,822,472
Hondebelastingsfonds/Dog Tax fund	1,977,987	1,752,284
	154,844	140,346
Ander Fondse/Other Funds		
Britstown Water Research/Waternavorsing	224,701	0
Library Fund/Biblioteekfonds	0	0
MIG Sewerage Mainline/MIG Riolering: Hoofriool	0	0
Housing Accreditation/Behuisingsakkreditasie	0	0
Finance Management Grant/Toekenning: Finansiële Bestuur	0	0
Fire Fighting Equipment//Brandbestrydingstoerusting	0	0
	224,701	0
	18,918,783	17,715,102

Ingesluit in die Ander fondse is Ongespandeerde Toekenningsfondse soos ontvang vir kapitale projekte. Sien nota 16
Included in Other Funds are Unspent Grant funds received for capital projects. See note 16

(Sien Aanhangsel "A" vir meer besonderhede)
(Refer to Appendix "A" for more details)

2. Reserwes: **Reserves:**	-	-
3. Aanwendings **Appropriations:**		
Aanwendingsrekening/Appropriations		
Onaangewende oorskot aan die begin van die jaar/ Unappropriated/Accumulated surplus at the beginning of the year	11,077,349	10,514,346
Surplus/ (Tekort) vir die jaar/Surplus/(Deficit) for the year	4,656,089	(82,724)
Aansuiwerings van vorige jaar/Prior year adjustments	671,117	645,729
	16,404,555	11,077,351
Bedryfsrekening/Operating account		
Kapitaaluitgawe/Capital expenditure	12,097,409	3,316,234
Bydrae: Wentelfonds/Contributions: Revolving fund	672,930	584,730
Bydrae: Verlofreserwefonds/Contribution: Leave reserve	73,075	159,749
Bydrae: Prestasiebonusse/Contribution: Performance Bonusses	5,445	0
	12,848,859	4,060,713
4. Trustfondse: **Trust funds:**	0	0

MUNISIPALITEIT EMTHANJENI MUNICIPALITY
AANTEKENINGE TOT DIE FINANSIëLE STATE SOOS OP 30 JUNIE 2008
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2008

		2007/2008	2006/2007
5.	**Langtermynverpligtinge** **Long-term Liabilities**	6,642,035	8,226,684
5.1	**Long-term Loans**		
	Privaat lenings/Private loans	10,400	19,756
	DBSA	7,461,507	8,539,350
		7,471,907	8,559,107
		1,203,780	1,087,200
	Min: Onbestede geld/Less: Unspent monies	-	-
	Min: Korttermyngedeelte/Less: Short-term portion:	1,203,780	1,087,200
		6,268,127	7,471,907

Eksterne Lenings is by verskeie Staats-goedgekeurde instansies en van die Banke opgeneem en termyne wissel van 5 tot 30 jaar en rentekoerse van 2% tot 15.85% /
External loans were advanced by various Government approved institutions are repayable over periods from 5 to 30 years. They bear interest at rates from 2% to 15.85%.

Interne lenings word opgeneem uit die Wentelfonds en termyne wissel van 5 tot 25 jaar en rentekoerse van 3% tot 13%.
Internal loans are advanced by the Revolving fund and terms fluctuate from 5 to 25 years. Interest rates are between 3% to 13%.

Geen lenings word deur bates van Emthanjeni Munisipaliteit versekureer nie.
None of the loans are secured by any assets of the Council.

5.2	**Long-term Loans:Interest-Bearing Borrowings** **Lang termyn lenings: Rente Draende Lenings**		
	Total Liability under capitalised finance lease	871,084	1,195,722
	Shortterm portion payable within 1 year	497,176	440,946
	Long-term portion of finance lease liability	373,908	754,776

The above liability is secured by finance lease agreements in respect of

5.2.1 Canon for Photocpiers, Laserfaxes and Printers
The effective monthly instalments increased twice per financial year. The monthly instalments at the current year end amounted to R6 091.23, while commencing on 31 March 2005 with the final payments on 31 March 2009. The agreement does provide for contingent lease rent instalments.

5.2.2 Katlego for Photocpiers, Laserfaxes and Printers
The effective monthly instalments increased twice per financial year. The monthly instalments at the current year end amounted to R41 430.12, while commencing on 31 March 2005 with the final payments on 31 March 2009. The agreement does provide for contingent lease rent instalments.

5.2.3 Siemens for Telephone Systems
The effective monthly instalments increased twice per financial year. The monthly instalments at the current year end amounted to R3174.89, while commencing on 31 March 2005 with the final payments on 31 March 2009. The agreement does provide for contingent lease rent instalments.

5.2.4 Konica Minolta for Photocpier
The effective monthly instalments increased twice per financial year. The monthly instalments at the current year end amounted to R2791.44, while commencing on 31 March 2005 with the final payments on 31 March 2009. The agreement does provide for contingent lease rent instalments.

Sien aanhangsel B vir meer besonderhede.
Refer to appendix B for more information.

	2007/2008	2006/2007
6. Verbruikersdeposito's: Dienste Consumer Deposits: Services		
Elektrisiteit en water/Electricity and water	1,390,401	1,130,074
7. Vaste bates: Fixed Assets		
Vaste bates aan die begin van die jaar/ Fixed Assets at the beginning of the year	202,681,118	193,542,315
Vaste bates gedurende die jaar aangeskaf of ontvang/ Fixed Assets acquired during the year	7,869,151	9,287,420
Min: Bates gedurende die jaar afgeskryf,oorgeplaas, waardevermindering of mee weggedoen/ Less: Fixed Assets written off, transferred.depreciated or sold	440,946	148,618
Totale Vaste bates/Total fixed assets	210,109,323	202,681,117
Min: Lenings gedelg en ander kapitaalontvangstes Less: Loans redeemed and other capital receipts	(201,231,551)	-192,342,302
Netto Vaste Bates/Net Fixed Assets	8,877,772	10,338,815

Sien Aanhangsel C vir meer besonderhede.
Refer to Appendix C for more information.

8. Finansiële Bruikhure/Finance leases

8.1 Canon (Pty) Ltd

Emthanjeni Municipality leases photcopiers, laser faxes and printers from Canon for a period of 5 years. The lease/rental agreement makes provision for monthly lease/rental payments. The commencement date of monthy lease/rentals varied but the first lease started on 01/04/2004 with the last instalment date 30 September 2009. The initial total monthly rental was R945 and last total payment for all leases is R4940. Ownership of assets will not pass to Emthanjeni Municipality but during the term of the agreement, Emthanjeni Municipality has full control and usage over the assets and has exclusive use of the assets for the fulll duration of the lease/rental agreement.
The monthly lease/rental payments escalate at 15 % per annum since the lease/rental agreement commenced, and interest was capitalised during the first half of the lease term.

Reconciliation between the total minimum lease payments and their present value:

At 30 June 2008

	Up to 1 year	1 to 5 years	Total
Amount at balance sheet date	54,563	40,729	95,292
Finance cost	8,570	3,668	12,239
Present value	45,992	37,061	83,055

At 30 June 2007

	Up to 1 year	1 to 5 years	Total
Amount at balance sheet date	55,147	95,292	150,439
Finance cost	16,491	12,239	28,730
Present value	38,656	83,053	121,709

	2007/2008	2006/2007

8. Finansiële Bruikhure/Finance leases (vervolg/continue)

8.2 Katlego (Pty) Ltd

Emthanjeni Municipality leases photcopiers, laser faxes and printers from Katlego for a period of 3 years. The lease/rental agreement makes provision for monthly lease/rental payments. The commencement date of monthly lease/rentals varied but the first lease started on 31/01/2007 with the last instalment date 31 January 2010. The initial total monthly rental was R46173.95 and last total payment for all leases is R47 584.41 . Ownership of assets will not pass to Emthanjeni Municipality but during the term of the agreement, Emthanjeni Municipality has full control and usage over the assets and has exclusive use of the assets for the fulll duration of the lease/rental agreement.
The monthly lease/rental payments escalate at 15 % per annum since the lease/rental agreement commenced, and interest was capitalised during the first half of the lease term.

Reconciliation between the total minimum lease payments and their present value:

At 30 June 2008

	Up to 1 year	1 to 5 years	Total
Amount at balance sheet date	489,815	250,762	740,577
Finance cost	80,491	8,894	89,385
Present value	409,324	241,868	651,193

At 30 June 2007

	Up to 1 year	1 to 5 years	Total
Amount at balance sheet date	407,653	740,577	1,148,230
Finance cost	103,283	89,385	192,668
Present value	304,370	651,192	955,562

8.3 Siemens (Pty) Ltd

Emthanjeni Municipality leases a telephone system from Siemens via Centrafin for a period of 5 years. The lease/rental agreement makes provision for monthly lease/rental payments. The commencement date of monthy lease/rental payments was 01/03/2004 with an instalment of R3175 that remains the same throughout the lease/rental agreement term with last premium of R3175 on 31 March 2009. Ownership will not pass to Emthanjeni municipality but during the term of the agreement, Emthanjeni Municipality have full control and usage and exclusive use of the assets for the fulll duration of the lease/rental agreement.

Reconciliation between the total minimum lease payments and their present value:

At 30 June 2008

	Up to 1 year	1 to 5 years	Total
Amount at balance sheet date	25,399	0	25,399
Finance cost	927	0	927
Present value	24,473	0	24,473

At 30 June 2007

	Up to 1 year	1 to 5 years	Total
Amount at balance sheet date	163,829	25,399	189,229
Finance cost	69,851	927	70,777
Present value	93,978	24,473	118,451

8. Finansiële Bruikhure/Finance leases (vervolg/continue)

8.4 Konica Minolta (Pty) Ltd

Emthanjeni Municipality leases photcopier from Konica Minolta for a period of 5 years. The lease/rental agreement make provision for monthly lease/rental payments. The commencement date of monthy lease/rental payments was 01/04/2008 with an instalment of R2791 that remains the same throughout the lease/rental agreement term with last premium of R2791 on 31 March 2013. Ownership will not pass to Emthanjeni municipality but during the term of the agreement, Emthanjeni municipality have full control and usage and exclusive use of the assets for the fulll duration of the lease/rental agreement.

Reconciliation between the total minimum lease payments and their present value:

At 30 June 2008

	Up to 1 year	1 to 5 years	Total
Amount at balance sheet date	33,497	125,615	159,112
Finance cost	16,110	30,640	46,751
Present value	17,387	94,974	112,363

At 30 June 2007

	Up to 1 year	1 to 5 years	Total
Amount at balance sheet date	0	0	0
Finance cost	0	0	0
Present value	0	0	0

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		2007/2008	2006/2007
9.	**Langtermyn Beleggings** **Long term Investments**		
	Lang termyn beleggings/Long term Investments	0	0
10.	**Langtermyndebiteure:** **Long-term debtors**		
	De Aar Buiteklub/De Aar Country Club	78,977	90,011
	Min: Kortermyngedeelte/Less: Short-term portion	11,593	11,034
		67,384	78,977
11.	**Voorraad:** **Stock:**	503,674	304,692
	Voorraad word waardeer soos in Aantekening 4 van die Rekeningkundige Beleid uiteengesit Stock is valued as stated per Note 4 of the Accounting Policy.		

12. **Debiteure:**
Debtors:

	Current	30 Days	60 Days	90 Days	Total	
Debiteure (Verbruikers)/Debtors(Consumers)					49,184,954	39,964,766
- Water	(103,820)	780,592	529,121	14,537,860	15,743,753	12,071,075
- Electricity/Elektrisiteit	(42,907)	1,336,176	502,078	7,522,872	9,318,219	7,657,373
- Sewerage/Riool	(100,267)	566,504	360,295	10,127,528	10,954,055	8,607,673
- Refuse/Vullisverwydering	(102,310)	357,014	228,103	6,584,549	6,584,549	5,049,184
- Property Tax/ Erfbelasting	(570,198)	644,945	253,871	6,255,759	6,584,378	6,579,461
Ander Debiteure/ Other Debtors						
Previous Hanover and Britstown accounts (MRS)					1,652,985	1,718,883
Huurgelde/Rental					183,557	211,890
Meentgronde/Commonage					594,475	641,617
Ander debiteure/Other debtors					470,718	488,518
Outstanding Trade Debtors VAT Inclusive/Uitstaande Handelsdebiteure BTW Ingesluit					52,088,689	43,025,673
Less: Vat on debtors balances/ Min: BTW op debiteure saldos					(4,624,161)	(3,623,279)
Outstanding Trade Debtors VAT Exclusive/Uitstaande Handelsdebiteure BTW Uitgesluit					47,462,508	39,402,394
Min: Voorsiening vir slegte skulde/Less: Provision for bad debts					(5,695,501)	(2,547,766)
					41,767,007	36,854,628
			53,638,642			
Diverse/Sundry			53638642		911,853	0
Debtors: Provision for Electricty and Water			0		1,551,973	1,305,282
Salarisse debiteure/Salaries debtors					0	0
Control Accounts: VAT Creditors					0	127,536
Salarisse debiteure:Reis en verblyf/Salaries debtors: Travel and Subsistance					0	8,709
De Aar Taxistaanplek/Taxi Rank					1,527	-
Buurtopknappping/Neighbourhood Revitalisation					27,216	-
BTW Betaalbaar/Ontvangbaar / VAT Payable/Receivable (see note 17)					131,216	-
Totaal: Uitstaande Debiteure/Total Outstanding Debtors					44,390,791	38,296,155

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		2007/2008	2006/2007
13.	**Aanvraag Beleggings** **Call Investments**		
	Ongenoteerde beleggings teen bestuur se waardasie: Unlisted investments at management valuation:		
	Wentelfonds/Revolving fund	1,983,220	1,426,941
	Leningsdelgingsfonds/Loan redemption fund	0	368,843
	Hondebelasting/Dog tax	154,844	140,346
	Beleggings - Algemeen/Investments - General	8,596,862	6,236,129
		10,734,927	8,172,259
	Gemiddelde opbrengskoers op Beleggings (Bruto) Average gross rate of retun on investments	10.28%	13.28%

Omsendbrief nr C35/1994 gedateer 13/07/1994 wat deur Tak Gemeenskapsdienste van Provinsiale Administrasie uitgereik is, vereis van plaaslike owerhede om fondse wat nie onmiddelik benodig word nie, by voorgeskrewe instellings te belê. Die beleggingstydperke moet sodanig wees dat dit nie nodig sal wees om geld teen 'n boeterentekoers te leen teen die belegging ten einde verpligtinge na te kom nie.

Circular no C.35 of 1994 issued by Provincial Administration - Community Service Branch, requires local authorities to invest funds, which are not immediately required, with prescribed institutions. The investment period and should be such that it will not be necesarry to borrow funds against the investment at a penalty rate to meet commitments.

Die oortrokke banksaldo was verseker deur Belegings (Rekening nr. 2952997314 en 2062198906). ABSA Bank was beopdrag om die Oortrokke Banksaldo uit die Algemene beleggings af te los. Die banksaldo op 30 Junie 2008 toon 'n negatiewe balans, maar was op 01 Julie 2008 gunstig nadat die Bank die oorplasings vanaf beleggings geprosesseer het.

The Bank overdraft balance was secured by a cession over the following investments.(Account nrs: 295997314 and 2062198908). ABSA Bank received instructions to clear the Bank Overdraft from General Investments. The bank balance was negative as at 30 June 2008, but was favourable on 01 July 2008 after the Bank processed the transfers from the investment account.

14.	**Bank en Kontant/Bank and Cash**	125,553.14	2,010,697.96
14.1	**Bank**		
	Standard Bank	42,632	2,009,938
	TVS Bank	73,161	0
	Totaal/Total	115,793	2,009,938
14.2	**Cash**		
	Cash	9,760	760
14.3	**Bankoortrekking/Bank Overdraft**	(7,387,380)	(8,142,976)

Die oortrokke banksaldo was verseker deur sessie op Belegings (Rekening nr. 2952997314 en 2062198906). ABSA Bank was beopdrag om die Oortrokke Banksaldo uit die Algemene beleggings af te los. Die banksaldo op 30 Junie 2008 toon 'n negatiewe balans, maar was op 01 Julie 2008 gunstig nadat die Bank die oorplasings vanaf beleggings geprosesseer het.

The Bank overdraft balance was secured by a cession over the following investments.(Account nrs: 295997314 and 2062198908). ABSA Bank received instructions to clear the Bank Overdraft from General Investments. The bank balance was negative as at 30 June 2008, but was favourable on 01 July 2008 after the Bank processed the transfers from the investment account.

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	2007/2008	2006/2007
15. Krediteure:		
Creditors:		
Handelskrediteure/Trade Creditors	325,154	950,052
Ander Deposito`s/Sundry Deposits	154,832	143,949
Vooruitontvangstes/Payments in advance	895,754	915,585
Afwagrekening/Suspense account - Capital Project creditors	3,897,368	4,032,858
- Onbekende deposito's/Unknown Deposits	3,897,368	3,351,519
- Hanover Grootmaatwatervoorsiening/bulk water supply	0	177,907
- Traffic Vehicle System (TVS) Contra		503,431
Krediteurekontrole/Creditors Control	0	1,592,847
Ander Diverse Krediteure/Other Sundry Creditors	387,250	78,211
Ongespandeerde Leningsgeld/Unspent Loan money	0	0
Library East & West (see note 12)	23,362	0
Krediteure Kontrole Verpligtings/Creditors Control Commitments	1,169,008	0
BTW Kontrole/ VAT Control (see note 12)		339,329
BTW Krediteure/VAT Creditors	633,121	0
TVS-Kontra/TVS Contra (see note 17)	73,161	0
Housing Accreditation	3,494	0
	7,562,503	8,052,830

-Bestellingsverpligtings word ingesluit in die krediteuretotaal a.g.v. nie ontvangs van belastingsfakture van verskaffers en krediteure.
-Order commitments are iincluded in the creditors total due to non receival of tax invoices from suppliers and creditors

16. Ongespandeerde Voorwaardelike Staats Toekennings		
Unspent Conditional Government Grants		
FINANCE MANAGEMENT GRANT	1,000	1,009
BRITSTOWN WATER RESEARCH	174,532	457,397
HOUSING ACCREDITATION	2,290	2,290
MIG SEWERAGE FUND 06/07	245,768	425,354
DIVERSE PARKING SYSTEM	152,332	0
BOOI MANTYI HOUSING	944,290	0
DE AAR TAXI RANK	507,108	0
NEIGHBOURHOOD REVITALISATION	150,000	0
LIBRARY FUND	0	4,178
	2,177,320	890,227

Ingesluit in die Ander fondse is Ongespandeerde Toekenningsfondse soos ontvang vir kapitale projekte. Sien nota 1
Included in Other Funds are Unspent Grant funds received for capital projects. See note 1

17 Voorsienings:		
Provisions:		
Verlofvoorsienings/Leave reserve	2,262,318	2,189,243
Voorsiening vir Prestasiebonusses/Provision for Performance Bonusses	265,445	260,000
	2,527,763	2,449,243

(Sien Aanhangsel "A" vir meer besonderhede)
(Refer to Appendix "A" for more details)

18. Uitgestelde Koste:		
Deferred charges:		
Geen uitgestelde koste vir die jaar nie.		
No deferred charges for the year	-	-

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	2007/2008	2006/2007
19. Eiendomsbelasting: Assessment Rates:		
Eiendomsbelastingsinkomste:/Assessment Rates Income	9,984,123	8,996,103
Totale waardasies:/Valuations		
Belasbaar /Rateable Value,Taxable	297,150,047	218,935,192
-Grond/Land	18,244,568	14,744,583
-Geboue Verbeteringe/Building Improvements	278,905,479	204,190,609
Onbelasbaar /Exempt, Non Taxable	14,521,246	7,873,748
-Grond/Land	4,625,030	2,885,015
-Geboue Verbeteringe/Building Improvements	9,896,216	4,988,733
-Residensieel/Residentiaal	Nie beskikbaar	Not available
-Kommersieel/Commercial	Nie beskikbaar	Not available
-Waarderingsdatum/Valuation date	01 Julie 1994	01 July 1994
-Aantal persele/Number of erven	13,072	13,072
Eiendomsbelastingskoers/ Assessment Rates: rate		
-Grond/Land (c/R)	0.1407	0.131
-Geboue Verbeteringe/Building Improvements (c/R)	0.0384	0.0358
-Parking/Parking (c/R)	0.0015	0.0014
Kortings/ Discounts or Rebates		
-Residensieel (Pensioenarisse)/Residential (Pensioners)	40%	40 %
-Kommersieel/Commercial	Nul	Nul
-Staat/Government	20%	20%
Kortings word toegestaan ingevolge beleid/Rebates or discounts are processed in accordance with policy		

Die waardering van grond het elke 10 jaar plaasgevind en die algemene skatting het op 1 Julie 1994 in werking getree. Die koers was 3.58c in die Rand op die waarde van verbeteringe. 'n Korting van 40% is aan pensioentrekkers en behoeftiges met `n inkomste van R24 670 en minder per jaar toegestaan.

Uluntu Valuators is aangestel om algemene waardasies volgens die "WMEB" te doen. Weens die vertraging van die waardasieproses, het die Raad besluit dat die implemteringsdatum van die WMEB 01 Julie 2009 sal wees met waardasiedatum 01 Julie 2008. Gedurende die 2008/2009 boekjaar behoort die proses finaal afgehandel te wees sodat die implementering van die Wet op Munisipale Eiendomsbelasting, kan geskied

The valuation of land was performed every ten years and the general valuation came into effect on 1 July 1994. The basic rate was 3.58c in the Rand on the value of improvements. A rebate of 40% was granted to pensioners and indigent persons with an income of R24 670 and less per year.

Uluntu Valuators were appointed to conduct general valuations as per the MPRA. Due to the delay in the valuation process, Council resolved that the MRPA be implemented on 01 July 2009 with the valuation date 01 July 2008. The process should be finalised completely during the 2008/2009 financial year to enable implmentation of the MPRA.

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	2007/2008	2006/2007
20. Kontant deur bedrywighede voortgebring / Cash generated by operations:		
(Tekort) / Oorskot vir die jaar/(Deficit)/Surplus for the year	4,656,089	(82,724)
Aansuiwerings tov. vorige jare se bedryfstransaksies/ Adjustments in respect of previous years	671,117	645,729
Aanwendings teen Inkomste gedebiteer:/ Appropriations charged against income	(1,545,636)	(695,066)
Kapitaaluitgawe/Capital expenditure	-	-
Wentelfonds/Revolving fund	738,777	941,867
Voorsienings en reserwes/Provisions and reserves	0	0
Rente Ontvang/Interest Received	(2,284,413)	(1,636,934)
Vaste bates/Fixed Assets	0	-
Kapitaaluitgawes/Capital Expenditure	2,359,310	2,176,610
Rente Betaal:/Interest Paid:	1,374,943	1,224,610
Interne Fondse/Internal Funds	0	0
Ander Fondse/Other Funds	224,701	0
Slegte Skulde	0	0
Waardevermindering	440,946	99,618
Delging Betaal/Redemption paid		0
Interne Fondse/Internal Funds	225,703	421,446
Eksterne Lenings/External loans	0	0
Hondebelasting/Dog Tax	14,498	11,185
Nie-Bedryfsuitgawes/Non-operating expenditure		0
Fondse Gedebiteer/Funds debited		0
Voorsienings en Reserwe Gedebiteer/Provisions and reserves debited	78,520	419,749
	6,140,880	2,044,548
21. (Toename) / Afname in Bedryfskapitaal / (Increase) /Decrease in working capital		
(Toename) / Afname in Voorraad/(Increase)/Decrease in stock	(198,982)	24,211
(Toename) / Afname in Debiteure/(Increase)/Decrease in Debtors	(6,094,637)	(3,005,270)
Toename / (Afname) in Krediteure/Increase/(Decrease) in Creditors	796,766	(1,399,716)
	(5,496,853)	(4,380,775)
22. Finansieringstransaksies: / Financial transactions:		
Totale eksterne rente verdien of betaal/ Total external interest earned or paid		
Rente verdien: Beleggings en debiteure / Interest earned: Investments and debtors	2,284,413	1,636,934
Rente betaal/Interest paid	(1,374,943)	(1,444,823)
	909,470	192,112
Kapitaalkoste teen bedryfsrekening gedebiteer / Capital charges debited to operating account		
Rente: Ekstern/Interest: External	1,307,610	1,368,481
Rente: Intern/Interest: Internal	67,333	76,342
Delging: Ekstern/Redemption: External	1,087,200	1,224,620
Delging: Intern/Redemption: Internal	49,206	41,200
Plus Delging: Delgingsfonds/Plus Redemption: Redemption fund	0	0
	2,511,348	2,710,643
23 Toename / (Afname) in Langtermynlenings (Ekstern) / Increase/(Decrease) in long-term loans (External)		
Opening Balance: Longterm Loans	8,226,684	8,559,107
Less: Closing Balance: Longterm Loans	6,642,035	8,226,684
Increase / (Decrease) in Longterm Loans	(1,584,648)	(332,423)
Lenings opgeneem /Loans raised	0	-
Min: Lenings terugbetaal /Less: Loans repaid	(1,087,200)	(1,224,610)
	(1,087,200)	(1,224,610)

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		2007/2008	2006/2007
24	**KONTANT GEBRUIK VIR BELEGGINGSBEDRYWIGHEDE/ CASH UTILISED IN INVESTING ACTIVITIES**		
	(Increase)/ Decrease in Fixed Assets	(7,869,151)	(9,238,420)
	Increase/(Decrease) in Loans Redeemed	8,889,249	9,208,900
	(Increase)/Decrease in Shortterm Portion of Longterm Debtors	(559)	16,371
	(Increase)/Decrease in Longterm Debtors	11,593	19,126
	Increase/(Decrease) in Consumer Deposits	260,327	(7,814)
		1,291,458	(1,837)
25	**(Toename) / Afname in Eksterne Kontantbeleggings (Increase) /Decrease in external investments**		
	Opening Balance: Cash Investments	8,172,259	8,172,259
	Closing Balance: Cash Investments	10,734,927	9,237,736
	(Increase)/ Decrease in Cash Investments	2,562,668	1,065,477
	Beleggings gemaak/Investments made	5,309,705	0
	Beleggings gerealiseer/Investments realised	(3,706,514)	1,065,477
		1,603,191	1,065,477
26	**(Toename) / Afname in kontant voorhande (Increase) /Decrease in cash on hand**		
	Kontant en Banksaldo - Begin van die jaar:/ Cash and Bank balance at beginning of year	(6,132,278)	(5,022,892)
	Min: Saldo aan die einde van die jaar:/ Less: Cash balances at the end of the year	(7,261,827)	(6,132,278)
		1,129,550	1,109,385
27	**REMUNERATION OF COUNCILLORS**		
	Mayor	452,451	426,264
	Speaker	364,940	333,883
	Executive Committee Members	353,404	
	Councillors	0	2,006,005
	Councillors's pension contribution	1,142,481	0
	Total Councillors' Remuneration	2,313,276	2,766,152

In-kind Benefits

The Mayor and the Speaker are full time. The Mayor, Speaker and all Ward Councillors have been provided with offices. Secretarial support is provided in the office of the Mayor who also serves the office of the Speaker. The Mayor has use of a Council owned vehicle for official duties.

In Natura Voordele:

Die Burgemeester en Speaker is voltyds. Kantore is voorsien aan die Burgemeester, Speaker en alle Wyksraadslede. Sekretariële ondersteuning is voorsien in die Kantoor van die Burgemeester wat ook aan die kantoor van die Speaker diens lewer. Die Burgemeester het die gebruik van 'n raadsvoertuig vir ampspligte.

28	**Audit fees**		
	Opening balance	276,677	0
	Council subscriptions	912,231	0
	Amount paid - current year	785,951	777,964
	Amount paid - previous year	276,677	0
	Balance unpaid (included in creditors)	126,280	(777,964)

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REMUNERATION DISCLOSURES IN TERMS OF THE SECTION 124 OF THE MFMA

	2007/2008	2006/2007
29. EMPLOYEE RELATED COSTS/WERKNEMER VERWANTE KOSTE		
Employee related costs - Salaries and Wages	24,838,666	23,054,823
Employee related costs - Contributions for UIF, pensions and medicals	5,311,360	4,355,315
Travel and other allowances	791,738	696,729
Housing subsidy	149,475	113,601
Overtime payments	132,758	311,400
Other allowances	132,757	111,516
Total Employee Related Costs	**31,356,753**	**28,643,385**

There were no advances or Loans to employees.

29.1 *Remuneration of the Municipal Manager*		
Annual Remuneration	377,435	343,844
Performance Bonus	0	37,595
Car Allowance	142,917	134,962
Medical, pension fund	63,011	133,337
Other allowances	195,907	9,600
Total	**779,270**	**659,339**

29.2 *Remuneration of the Chief Financial Officer*		
Annual Remuneration	298,488	205,720
Performance Bonus	0	0
Car Allowance	93,600	72,000
Medical, pension fund	165,746	81,096
Other allowances	5,445	3,555
Total	**563,279**	**362,371**

29.3 *Remuneration of the Individual Executive Directors*	DIHS	DCDS
30 June 2008		
Annual Remuneration	135,300	325,856
Performance Bonus	0	0
Car Allowance	30,000	92,208
Medical, pension fund	48,950	131,320
Other allowances	3,150	5,400
Total	**217,400**	**554,784**
30 June 2007		
Annual Remuneration	355,165	324,521
Performance Bonus	33,776	0
Car Allowance	107,097	84,524
Medical, pension fund and other allowances	97,293	172,584
Other allowances	3,600	5,400
Total	**596,931**	**587,029**

DIHS : Director of Infrastructure and Housing Services/ DCDS : Director of Corporate and Development Services

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	2007/2008	2006/2007

30. Aftreevoordele
Retirement Benefits

Die amptenare behoort aan die SALA, Samwu National Provident Fund en Kaapse Gemeenskaplike Pensioen en Aftreefondse, en Raadslede aan die Pensioenfonds vir Raadslede. Die aktuariële waarde en befondsingsvlakke soos op 30 Junie 2007 was as volg:
1. Kaapse Gemeenskaplike Pensioenfonds op 107.2 % (vaste voordeelseksie) en op 105.3 % (vaste bydraeseksie)
2. Kaapse Gemeenskaplike Aftreefonds op 108,5 %Aandelerekening) en 137,4 % op (Pensioenarisrekening)
3. SALA Pensioenfonds op
4. SAMWU National Provident Fund op
5. Pensioenfonds vir Raadslede op
6. Raadsbydraes t.o.v. Aftreebefondsing van Raadslede en werknemers is gedurende die jaar betaal.

The officials are members of the Cape Joint Pension Fund & Retirement Fund, SALA Provident Fund and SAMWU National Provident Fund and Councilors contribute to Pension Fund for Councilors. The actuarial valuation and funding level as at 30 June 2007 are
1. Cape Joint Pension Fund at 107.2 % (DB Section) and of the DC Section at 105, 3 %
2. Cape Joint Retirement Fund of the Share Account at 108,5 % and the Pensioner's Account at 137,4 %.
3. SALA Pension Fund showed at %
4. SAMWU National Provident Fund at %
5. Pension Fund for Councillors at %
6. Contributions by Council i.r.o. Councilor and employees retirement funding have been expended in the year.

31. Voorwaardelike aanspreeklikheid/ Contigngent liabilities &
Kontraktuele Verpligtinge/ Contractual obligations

31.1 Die dispuut tussen die Raad en Mnr H. Struwig is bygelê deur beide partye. Die Raad moes slegs die regskoste van mnr Struwig betaal het. Die regskoste het R57 925,37 vir die huidige jaar en R60 499 was vir die vorige jaar betaal Die uitgawes wat aangegaan was bedra R118 424, wat op 23 Julie 2008 gekondoneer was.

The dispute between Council and Mr Struwig has been resolved. The agreement reached between the parties, were that Council pays the legal costs of Mr Struwig. The Leagl costs accrued to R57 925.37 during current year and R60 499 in the previous year which led to the total cost of R118 424. These amounts were condined on 23 July 2008.

31.2 Die Raad het 'n loodsprojek met die firma VVM Debt Collectors aangegaan. VVM sal alle gelde wat 60 dae en ouer is, invorder teen 'n kommissie van 22,5 % van gelde wat ontvang word. Daar bestaan egter 'n kontraktuele verpligting aangegien VVM 'n rekening aan Emthanjeni Munisipaliteit sal lewer vir dienste gelewer. Die rekeningfaktuur is egter nog nie ontvang nie, en die bedrag kan dus nog nie vasgestel word nie.

The Council entered into a pilot project with VVM Debt Collection firm. All arrear amounts older than 60 days, must be collected at a commission of 22.5 % of monies received. An contractual obligation exists towards VVM for services rendered. The account/invoice has not yet been received and therefore the amount payable to VVM Devt Collectors could not be determined at year end.

32 Kapitaalverpligtings/
Capital commitments

Verpligtings ten opsigte van kapitaaluitgawe:/		
Commitments in respect of capital expenditure:		
- Goedgekeur en gekontrakteer/Approved and contracted	2,169,798	882,751
- Goedgekeur maar nog nie gekontrakteer/Approved but not contracted	0	0
	2,169,798	882,751
Hierdie uitgawe sal uit die volgende gefinansier word:/		
This expenses will be financed from:		
- Interne bronne/Internal sources	0	0
- Eksterne bronne/External sources	2,169,798	882,751
	2,169,798	882,751

MIG and Taxi Rank commitments are mainly financed from grants received from government. These contracts run over more than one financial year. Retention fees are payable to contractors, when the retention period expired.

MUNISIPALITEIT EMTHANJENI MUNICIPALITY
AANTEKENINGE TOT DIE FINANSIëLE STATE SOOS OP 30 JUNIE 2008
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2008

	2007/2008	2006/2007
33. Buitengewone Uitgawes Extra ordinary expenses	57,925	60,499

Die dispuut tussen die Raad en mnr H. Struwig is bygelê deur beide partye. Die Raad moes slegs die regskoste van mnr Struwig betaal. Die huidige jaar se regskoste was R57 925,37 en vorige jaar het R60 499 beloop. Die uitgawe wat op 23 July 2008 gekondoneer.

The dispute between Council and Mr Struwig has been resolved. The agreement reached between the parties, were that Council pays the legal costs of Mr Struwig. The current year's legal costs was R57 925.37and the previous year was R60 499 which was paid. The costs were condoned on 23 July 2008.

ADDITIONAL DISCLOSURES IN TERMS OF SECTION125 OF THE MFMA

34. Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

Opening Balance	0	0
Fruitless and wasteful expenditure current year	77,473	60,499
Condoned or written off by Council	77,473	60,499
To be recovered - contigent asset	0	0
Fruitless and wasteful expenditure awaiting condonement	0	0
	0	0

Die dispuut tussen die Raad en Mnr H. Struwig is bygelê deur beide partye. Die Raad moes slegs die regskoste van mnr Struwig betaal het. Die regskoste het R57 925,37 vir die huidige jaar en R60 499 was vir die vorige jaar betaal Die uitgawes wat aangegaan was bedra R118 424, wat op 23 Julie 2008 gekondoneer was.

"n Bedrag van R19 548,05 was aan SAID betaal vir boete en rente. Belastingsopgawes was laat ingedien deur die Personeel afdeling. Die bedrag word as vrugteloos en verkwistend beskou.

The dispute between Council and Mr Struwig has been resolved. The agreement reached between the parties, were that Council pays the legal costs of Mr Struwig. The Leagl costs accrued to R57 925.37 during current year and R60 499 in the previous year which led to the total cost of R118 424. These amounts were condined on 28 July 2008.

An amount of R19 548,05 was paid to SARS for interest and fines. Tax returns were submitted late by the personnel section. This amount is considered as fruitless and wasteful expenses

35 Onreëlmatige uitgawes/Irregular Expenditure

Ongewone uitgawes/Irregular expenditure	190,834	0

Fix-a-Flat was aangekoop as deel van die Plaaslike Ekonomiese ontwikkeling Inisiatiewe waar begunstigdes van Wyk 1 voordeel sou trek. Werklose persone wat oor die ondervinding en bekwaamheid beskik, bestuur die projek. Die projek sal lede bemagtig en instaat stel finansieël lewensvatbaar om werksgeleenthede binne die munisipaliteit te skep. Dit sal die Plaaslike Ekonomiese ontwikkeling aanspoor en om armoede uit te wis.

Fix-a-Flat was acquired as a LED project for Ward 1. Beneficiaries from Ward 1 will manage the project, due to their experience and knowledge of the business. The aim of the project is to empower the local unemployed by making beneficiaries who will transfer the skills and expertise in making the project economic sustainable. This project is aimed at romoting Local Economic Development and to eliviate poverty in the municipality.

MUNISIPALITEIT EMTHANJENI MUNICIPALITY
AANTEKENINGE TOT DIE FINANSIËLE STATE SOOS OP 30 JUNIE 2008
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2008

		2007/2008	2006/2007
36	**Contributions to organized local government**		
	Opening balance	0	(13,594)
	Council subscriptions	111,872	102,923
	Amount paid - current year	111,872	89,330
	Amount paid - previous year		
	Balance unpiad (included in creditors)	0	0
37	**PAYE and UIF**		
	Opening balance	0	0
	Current payroll deduction subscriptions	3,141,978	2,634,586
	Amount paid - current year	3,141,978	2,634,586
	Amount paid - previous year	0	0
	Balance unpaid (included in creditors)	0	0
38	**Pension and Medical Aid Deductions**		
	Opening balance	0	0
	Current payroll deductions and Council Contributions	480,419	481,404
	Amount paid - current year	480,419	481,404
	Amount paid - previous year		
	Balance unpiad (included in creditors)	0	0
39	**Councillor's arrear consumer accounts**	25,781	24,837

The following Councillors had arrear accounts outstanding for more than 90 days as at 30 June 2008	Total	Outstanding less than 90 days	Outstanding more than 90 days
Councillor Sarah Max	7,364	295	7,069
Councillor Sipho Sthonga	90	90	0
Councillor Elijah Hendricks	2,632	80	2,552
Councillor Godfrey Nyl	507	507	0
Councillor Auburn Jafta	1,999	1,157	842
Councillor Sylvia Thomas	488	488	0
Councillor Johnny Oberholzer	12,701	0	12,701
	25,781	2,617	23,164

The following Councillors had arrear accounts outstanding for more than 90 days as at 30 June 2007	Total	Outstanding less than 90 days	Outstanding more than 90 days
Councillor Sarah Max	4,886	0	4,886
Councillor Sipho Sthonga	42	42	0
Councillor Auburn Jafta	2,949	593	2,355
Councillor Sylvia Thomas	223	223	0
Councillor Johnny Oberholzer	16,737	1,052	15,685
	24,837	1,911	22,926

40	**Total Employee's Outstanding Arrear consumer accounts**	332,595	0

The Credit Control Policy was implemented i.r.o. all consumers of Emthanjeni Municipality

MUNISIPALITEIT EMTHANJENI MUNICIPALITY
AANHANGSEL A/APPENDIX A

Opgehoopte Fondse, Trustfondse, Reserwes en Voorsienings vir die jaar geeindig 30 Junie 2008
Accumulated Funds, Trust Funds, Reserves and Provisions for the year ending 30 June 2008

	Saldo op/ Balance at 01/07/2007	Bydraes Gedurende die jaar/ Contributions during the year	Rente op beleggings/ Interest on investments	Ander Inkomste/ Other Income	Uitgawes gedurende die jaar Expenditure during the year	Saldo op/ Balance at 30/06/2008
	R	R	R	R	R	R
Opgehoopte Fonds:/Accumulated Funds:						
Wentelfonds/Revolving fund	15,822,472	672,930	13,427	97,112	44,692	16,561,251
Delging: Riool/Redemption: Sewerage	1,752,284	0	225,703	0	0	1,977,987
Hondebelasting/Dog Tax	140,346	0	14,498	0	0	154,844
Ander Fondse/Other Funds						
Britstown Water Research	0	0	0	0	0	0
Library Fund	0	0	0	0	0	0
MIG Sewerage Mainline	0	0	0	0	0	0
Housing Accreditation	0	0	0	0	0	0
Finance Management Grant	0	0	0	0	0	0
Fire Fighting Equipment	0	224,701	0	0	0	224,701
	17,715,102	897,631	253,627	97,112	44,692	18,918,783
Voorsienings:/Provisions:						
Verlofvoorsiening/Leave provision	2,189,243	73,075	0	0	0	2,262,318
Voorsiening vir slegte skuld:/Provision for bad debts	2,547,766	3,147,735	0	0	0	5,695,501
Voorsiening vir Prestasiebonusse/Prov for Perf Bonus	260,000	5,445	0	0	0	265,445
	4,997,009	3,226,255	0	0	0	8,223,265
	22,712,111	4,123,886	253,627	97,112	44,692	27,142,047

NB: Ander fondse soos in vorige jare geopenbaar is oorgedra na Ongespandeerde Staatstoekenings (Sien nota 16)
: Other Funds as disclosed in previous years has been transferred to Unspent Conditiona Grants (See note 16)

MUNISIPALITEIT EMTHANJENI MUNICIPALITY
AANHANGSEL B/APPENDIX B

Eksterne Lenings en Interne Voorskotte vir die jaar geeindig 30 Junie 2008
External Loans and Internal Advances for the year ending 30 June 2008

	Interest rate/ Rentekoers	Final payment/ Finale paaiment	Saldo op Balance at 01/07/2007	Gedurende die jaar ontvang Received during the year	Regstelling van opening saldo Correction of opening balance	Gedurende die jaar gedelg of afgeskryf Redeemed or writte off during the year	Saldo op Balance at 30/06/2008
EKSTERNE LENINGS/EXTERNAL LOANS							
Privaat lenings/Private loans	9.29%	*6/30/2009*	19,756	0	0	9,357	10,400
Ontwikkelingsbank van S.A/DBSA	10.00%-12.00%	*31/03/2016;31/03/2017;30/09/2010*	8,539,350	0	0	1,077,843	7,461,507
Rentedraende Lenings/Interest Bearing Borrowings	10.00%-12.00%	*31/03/2016;31/03/2017;30/09/2010*	1,295,340	116,308	99,616	440,948	871,084
			9,854,447	116,308	99,616	1,528,148	8,342,991
INTERNE VOORSKOTTE/INTERNAL ADVANCES							
Wentelfonds/Revolving Fund			583,986	0	0	49,206	534,781
			583,986	0	0	49,206	534,781
			10,438,434	116,308	99,616	1,577,354	8,877,772

Nota/Note

Interest Bearing Borrowings were recognised for leased assets since inception of leases to end of 30/06/2008

Rentedraende Lenings is in berekening gebring vir alle bruikhuurbates vanaf aanvangs tot einde 30/06/2008

MUNISIPALITEIT EMTHANJENI MUNICIPALITY

AANHANGSEL C/APPENDIX C

ONTLEDING VAN VASTE BATES VIR DIE JAAR GEEINDIG 30 JUNIE 2008/ANALYSIS OF FIXED ASSETS FOR THE YEAR ENDING 30 JUNE 2008

Uitgawe Expenditure 2007		Saldo Balance 01/07/2007	Uitgawe/Byvoegings Expenditure 2008	Afgeskryf/ Oorgeplaas Written off/ transferred	Saldo Balance 30/06/2008
	Belasting en Algemene Dienste/				
4,588,591	**Rates and General Services**	117,543,149	6,999,413	0	124,542,562
2,187,861	*Gemeenskapsdienste/ Community Services*	61,005,855	1,413,686	0	62,419,541
47,057	Belasting en Algemeen/Rates and general (MNET)	153,744	0	(47,057)	106,687
0	Grond/Land	899,054	0	0	899,054
0	Geboue/Buildings	12,710,563	0	0	12,710,563
1,358,839	Strate/Streets	52,808,584	445,881	0	53,254,465
66,365	Kantoor Meubels/Office Equipment	66,365	84,102	0	150,467
0	Meubels en Toerusting/Furniture and equipment	1,217,608	0	0	1,217,608
436,464	Komputers/Computer Equipment	438,464	223,870	47,057	709,392
0	Meent/Communal	7,451,309	0	0	7,451,309
0	Begraafplaas/Cemetery East(Cos)/Barcelona	563,807	659,832	0	1,223,639
0	Ontwikkeling Indus/Geboue/Development Indus Buildings	901,779	0	0	901,779
141,986	Verkeerstekens/Traffic signs	178,644	0	0	178,644
101,170	Verkeerstoerusting/Robots Equipment	101,170	0	0	101,170
34,000	Ander Geboue/ Other Buildings	34,000	0	0	34,000
0	Geboue/Buildings - Werkswinkel & Toetstasie/Workshop & Testing Station	387,561	0	0	387,561
0	Burgerlike Beskerming/Civil Protection	9,419	0	0	9,419
0	Ambulans	69,577	0	0	69,577
0	Voertuie/Masjienerie	3,014,207	0	0	3,014,207
286,041	*Gesubsidieerde dienste/Subsidised Services*	2,793,705	1,016,104	0	3,811,809
54,602	Industriele Spoorlyn/Industrial railway line	441,698	0	0	441,698
0	Sportgronde en Parke/Parks and recreation grounds	1,909,961	0	0	1,909,961
0	Meubels en Toebehore/Furniture and Fittings	0	663,791	0	863,791
231,439	Swembad/Swimming Pool	442,046	154,313	0	596,359
2,112,769	*Ekonomiese dienste/Economic services*	33,743,589	4,567,623	0	38,311,212
38,882	Sanitêre Werke/Sanitary works	3,128,339	0	0	3,128,339
144,712	Grond Vullisterrein/ Land Refuse	2,122,748	0	0	2,122,748
1,931,175	Riolering/Sewerage	28,492,501	4,567,623	0	33,060,124
0	**Behuisingsdienste/Housing Services**	4,222,451	90,701	0	4,313,152
0		4,222,451	90,701	0	4,313,152
0	Sub Ekonomiese Behuising/Sub Economic Housing	4,222,451	90,701	0	4,313,152
3,405,390	**Handelsdienste/Trading Services**	79,719,796	662,729	0	80,382,525
3,405,390		79,719,796	662,729	0	80,382,525
2,910,490	Water	26,056,986	594,229	0	26,650,215
494,900	Elektrisiteit/Electricity	53,663,810	68,500	0	53,732,310
1,295,340	**Bruikhuur Bates/Leased Assets**	1,295,340	116,308	0	1,411,648
1,295,340		982,267	116,308	0	1,098,575
982,267	Bruikhuurbates: Fotostaatmasjiene/Leased Assets: Photocopiers	113,647	0	0	113,647
113,647	Bruikhuurbates: Faksmasjiene/Leased Assets: Laser Fax machines	49,999	0	0	49,999
49,999	Bruikhuurbates: Drukkers/Leased Assets: Printers	149,428	0	0	149,428
149,428	Bruikhuurbates: Telefoonstelsel/Leased Assets: Telephone System				
(99,618)	**Bruikhuur Bates Opgehoopte Wiverminderings/Leased Assets Accu Depr**	(99,618)	(440,946)	0	(540,564)
(99,618)		(99,618)	(440,946)	0	(540,564)
0	Bruikhuur Bates: Fotostate masjiene/Leased Assets: Photocopiers		(352,256)	0	(352,256)
0	Bruikhuur Bates: Faks masjiene/Leased Assets: Laser Fax machines		(45,154)	0	(45,154)
0	Bruikhuur Bates: Drukkers/Leased Assets: Printers		(18,200)	0	(18,200)
(99,618)	Bruikhuur Bates: Telefoon Sisteem/Leased Assets: Telephone System	(99,618)	(25,337)	0	(124,955)
9,187,802	**TOTALE VASTE BATES/TOTAL FIXED ASSETS**	202,681,118	7,428,205	0	210,109,323
(9,257,900)	**Lenings afgelos en ander kapitaalontvangstes/**	(192,342,302)	(8,889,249)	0	(201,231,551)
(9,257,900)	**Loans redeemed and advances paid back**	(192,342,302)	(8,889,249)	0	(201,231,551)
(1,224,620)	Lenings gedelg en voorskotte terugbetaal/	(20,932,518)	(1,136,406)	0	(22,068,924)
0	Loans redeemed and advances paid back	0	0	0	0
(3,091,084)	Bydraes uit bedryfsinkomste/Contributions ex operating income	(47,374,441)	(2,063,195)	0	(49,437,637)
0	Voorsiening en reserwes/Provisions and reserves	0	0	0	0
0	Lenings afgelos	0	0	0	0
(4,942,196)	Skenking en subsidies/Grants and subsidies	(124,035,343)	(5,689,648)	0	(129,724,991)
(70,098)	*Netto Vaste Bates/Net Fixed Assets*	10,338,817	(1,461,044)	0	8,877,772

NB: Leased assets have been restated in the 2007 financial year

MUNISIPALITEIT EMTHANJENI MUNICIPALITY
AANHANGSEL D/APPENDIX D
Ontleding van Bedryfsinkomste en -Uitgawe vir die jaar geëindig 30 Junie 2008
Analysis of Operating Income and -Expenditure for the year ending 30 June 2008

Werklik Actual 2007 R		Werklik Actual 2008 R	Begroot Budgeted 2008 R
	Inkomste/Income		
14,001,186	Staat en Provinsiale toekennings en Subsidies/ Government and Provincial grants	16,398,470	16,106,000
	Kapitale Subsidie toekennings/Capital Grants received	8,417,451	8,417,000
46,438,469	Bedryfsinkomste/Operating Income	55,510,659	56,438,067
-8,996,103	Eiendomsbelasting/Rates	9,984,123	8,976,855
-10,242,308	Verkoop van water/Sale of water	11,034,113	12,787,642
-18,675,711	Verkoop van elektrisiteit/Sale of electricity	21,546,243	23,497,263
-8,524,347	Ander dienste /Other services	12,946,181	11,176,307
1,636,934	Rente verdien	2,284,413	1,048,567
3,880,355	Ander inkomste	3,628,554	4,198,409
7,252,919	Provision for Bad Debts	0	0
69,329,508	**Totale Inkomste//Total Income**	86,239,547	86,208,043
	Uitgawes/Expenditure		
28,643,385	Salarisse, lone en toelaes/Salaries, wages and allowances	31,356,753	32,564,552
30,079,082	Algemene onkoste/General expenses	27,638,717	30,717,087
10,295,956	- Aankoop van grooormaat elektrisiteit/bulk electricity	11,133,426	11,014,800
495,660	- Aankoop van groormaat water/bulk water purchases	622,188	466,400
19,287,465	- Ander algemene onkoste/Other general expenditure	10,021,868	14,367,830
0	- Bedryfs Subsidie Uitgawes/Operating Subsidies Expenses	5,861,235	4,868,057
3,959,677	Herstel en Onderhoudswerk/Repairs and maintenance	2,538,800	2,738,052
10,977,918	Bad Debts	0	0
0	Provision for Bad Debts	3,147,735	2,367,987
1,224,610	Kapitaalonkoste /Capital charges	1,374,183	1,299,265
3,316,234	Bydraes tot vaste bates/Contributions to fixed assets	2,817,803	5,326,000
-	Kapitale Subsidie uitgawes/Capital Grant expenses	8,982,974	8,417,000
2,189,243	Bydraes tot Fondse Reserwes en Voorsienings/Contributions to Funds, Reserves and Provisions	3,726,492	2,778,100
69,412,231	***Bruto Uitgawe/Gross Expenditure***	81,583,457	86,208,043

NB: In vorige geouditeerde finansiele state was Voorsiening vir slegte skulde en Slegte skulde nie geopenbaar nie.
Provision for Bad debts and Bad debts were not disclosed in previous financial year.

MUNISIPALITEIT EMTHANJENI MUNICIPALITY

AANHANGSEL E/APPENDIX E

GEDETAILLEERDE INKOMSTESTAAT VIR DIE JAAR GEËINDIG 30 JUNIE 2008

DETAILED INCOME STATEMENT FOR THE YEAR ENDING 30 JUNIE 2008

Werklike Inkomste Actual Income 2007 R	Werklike uitgawe Actual expenditure 2007 R	Oorskot/(Tekort) Surplus/(Deficit) 2007 R		Werklike Inkomste Actual Income 2008 R	Werklike uitgawe Actual expenditure 2008 R	Oorskot/Surplus (Tekort/Deficit) 2008 R	Begroot Oorskot/ (Tekort) 08/07 Budget Surplus/ (Deficit) 07/08 R
			Belasting en algemene dienste				
39,561,507	49,609,999	-10,048,492	Rates and general services	49,961,257	57,110,501	(7,149,244)	(15,656,195)
25,568,804	38,751,016	-13,326,907	*Gemeenskapsdienste/Community Services*	20,441,165	35,440,258	(14,999,093)	(19,164,731)
0	0	0	Burgemeester/Office of Mayor	200,000	783,419	(583,419)	(918,500)
1,033,175	4,476,998	-3,443,823	Raads Uitgawes/Council Expenses	474,551	3,505,201	(3,030,650)	(2,860,913)
	2,032,052		Munisipale Bestuurder/Municipal Manager	0	1,989,249	(1,989,249)	(1,862,140)
	213,376		Interne Oudit/Internal Audit	0	90,747	(90,747)	(341,338)
0	0	1	Direktoraat HFB/Directorate Chief Financial Officer	0	637,901	(637,901)	(726,621)
13,081,908	12,919,707	162,201	Finansiële Dienste / Financial Services	1,005,000	5,056,842	(4,051,842)	(4,945,915)
8,972,398	1,233,442	7,738,956	Eiendomsbelasting/Assessment Rates	15,463,311	2,537,901	12,925,410	12,234,278
0	0	0	Direktoraat GOKD/ Directorate CDCS	0	337,303	(337,303)	(687,920)
0	3,819,592	-3,819,592	Administrasie/Administration	229,000	3,298,506	(3,069,506)	(3,014,177)
15,655	1,833,526	-1,817,861	Geboue/Buildings Property Services	12,674	1,928,036	(1,915,362)	(1,556,125)
-	34,023	-34,023	Voorsieningskanaal/Supply Chain Management	0	22,705	(22,705)	(301,944)
-	-	-	Direktoraat IBD/Directorate HIS	0	498,254	(498,254)	(752,552)
-	0	0	Infrastrukturele Dienste/Infrastructural Services	0	1,418,039	(1,418,039)	(1,559,797)
-	0	0	Direktoraat Adjunk MB/Directorate Deputy MM	0	433,362	(433,362)	(239,659)
11,889	912,645	-900,756	PEO / LED	756	696,775	(696,019)	(695,680)
			Geïntegreerde Ontwikkeling/IDP	0	0	0	(47,309)
			Direktoraat GSD/ Directorate CSS	0	438,106	(438,106)	(786,097)
129,038	463,542		Begraafplase/Cemeteries	136,377	613,814	(477,437)	(485,973)
55,769	629,597	-573,834	Stadsale /Town Halls	53,207	691,441	(638,234)	(998,157)
1,911,644	1,430,278	481,366	Verkeersdienste/Traffic Services	2,355,786	1,756,806	598,980	41,233
13,468	448,090	-434,622	Sport en Ontspanning/Sport and recreation	9,488	724,090	(714,602)	(967,953)
-	715,163	-715,163	Parke/Parks	0	1,004,400	(1,004,400)	(1,326,465)
26,509	32,318	-5,809	Woonwapark / Caravan Perk	8,385	51,549	(43,163)	390
50,183	439,556	-389,373	Swembaddens/Swimming pools	33,953	584,471	(550,518)	(586,653)
267,184	5,654,324	-5,387,161	Strate/Streets	458,876	4,762,511	(4,303,634)	(3,946,557)
-	532,871	-532,871	Werkswinkel/Workshop	0	594,536	(594,536)	(667,433)
	273,370		Toerisme/Tourism	0	293,057	(293,057)	(329,843)
0	656,543	-656,543	Voortgesette Lede/Continued Members	0	691,238	(691,238)	(732,914)
869,647	2,221,297	-1,351,650	*Gesubsidieerde Dienste/Subsidised Services*	977,907	2,310,950	(1,333,044)	(1,134,185)
160,845	1,278,126	-1,117,281	Biblioteke/Libraries	228,990	1,531,179	(1,304,189)	(1,117,462)
885	167,824	-166,938	Brandweer/Fire Brigade	1,132	261,940	(260,808)	(208,400)
707,916	775,347	-67,431	Primêre Gesondheidsdienste/Primary Health Services	749,785	517,831	231,954	191,677
13,123,056	8,637,686	4,485,369	*Ekonomiese Dienste/Economic Services*	28,542,185	19,359,292	9,182,893	4,642,721
7,727,954	4,552,721	3,175,233	Riool/Sewerage	20,570,806	13,653,926	6,916,880	4,038,055
254,119	40,959	213,160	Meent/Commonage	124,299	14,080	110,219	(10,000)
103,499	224,779	-121,280	Voertuigtoetsstasie/Vehicle Testing Station	129,495	222,660	(93,165)	(166,217)
4,602,177	3,720,797	881,380	Vullis/Refuse	7,370,926	5,145,435	2,225,491	892,953
435,308	98,430	336,876	Motorvoertuigregistrasie/Motor Registrations	346,660	323,191	23,668	(112,070)
53,758	1,238,729	-1,184,973	Behuisingsdiens/Housing Services	28,829	1,253,047	(1,224,218)	(1,104,829)
29,714,247	18,563,504	11,150,743	Handelsdienste/Trading Services	36,249,461	23,219,910	13,029,551	16,761,024
10,574,552	3,432,162	7,142,390	Water	13,141,347	5,389,472	7,751,875	9,752,345
19,139,695	15,131,342	4,008,353	Elektrisiteit/Electricity	23,108,114	17,830,438	5,277,676	7,008,679
69,329,509	69,412,232	-82,724	Totaal/Total	86,239,547	81,583,457	4,656,089	
		645,729	Aanwendings vir jaar(Verwys na aantekening 18) Appropriations for the year (Refer to note 18)			671,117	
		563,005	Netto oorskot /(tekort) vir die jaar Net surplus/(deficit for the year			5,327,206	
		10,514,344	Onaangewende oorskot/(opgehoopte tekort) aan die begin van die jaar Accumulated surplus/(deficit) at the beginning of the year			11,077,349	
		11,077,349	Onaangewende oorskot/(opgehoopte tekort) aan die einde van die jaar Accumulated surplus/(deficit) at the end of the year			16,404,555	

AANHANGSEL F/APPENDIX F

Algemene statististiek vir die jaar geeindig 30 Junie 2008
General statistics fro the year ended 30 June 2008

	2007/2008	2006/2007
Bevolking/Population according IDP - March 2006	35549	37957
Aantal geregistreerde kiesers/Registered voters	20656	18190
Oppervlakte (km)	3387ha	3387ha
Munisipale Area:/Municipal Area:	De Aar Britstown Hanover	

Bank Rekeninge saldo's/Bank Accounts Balances

Primêre Bankrekening/Primary Bank Account	(1,632,915.13)	(3,715,286.86)
Standard Bank Rekening/Account	28,168.00	21,900.14
Traffic Vehicle Systems (TVS)	69,060.71	78,835.80

Elektrisiteitstatistiek

Eenhede (kWh) aangekoop ('000)/Units (kWh) purchased	53,719,011	45,892,352
Eenhede (kWh) verkoop ('000)/Units (kWh) sold ('000)	46,247,837	39,417,052
Eenhede (kWh) verlore gegaan met verspeiding/ Unit (kWh) lost with distribution	7,472,314	6,369,858
Persentasie verlies met verspreiding/Presentation loss	13.91%	13.88%
Konvensionele Koste per eenheid verkoop/Cost per unit sold	0.37 c	0.37 c
Prepaid Koste per eenheid verkoop/Cost per unit sold	0.46 c	0.44 c
Inkomste per eenheid verkoop/Income per unit sold		

Waterstatistiek

Kl gepomp/Kl pumped	2,390,985	2,515,175
Kl verkoop/Kl sold	1,814,407	1,970,736
Kl verlore gegaan met verspreiding/Kl distribution loss	576,578	544,439
Persentasie verlies met verspreiding/Presentation loss	24.11%	21.65%
Koste per Kl verkoop/Cost per Kl sold		
-1-6kl	0	0
- 7 -15kl	4.39	4.09
-16 - 30kl	4.98	4.64
-31 en meer	5.81	5.41
Inkomste per kl verkoop/Income per kl sold		

Material Losses and Irregular Expenses

See notes on Contingent Liability and Fruitless and Wasteful expenditure

EMTHANJENI MUNICIPALITY
SUMMARY DETAILS OF ALL BANK ACCOUN
01 JULY 2007 TO 30 JUNE 2008

No.	Name of Account	Bank/ Institution	Account Number	Closing Balance 30 June 2008
	CURRENT ACCOUNTS			
1	PRIMARY MAIN ACCOUNT	ABSA	1850000081	(1,632,915)
2	TRAFFIC VIOLATION SYSTEMS	ABSA	4061685162	28,168
3	STANDARD BANK	STANDARD	280350007	69,061
	INVESTMENTS			
1	General	ABSA	2062198906	**6,618,784**
2	Housing LC Nyl	ABSA	2052997314	**6,385**
3	Revolving Fund	ABSA	2062198817	**1,982,220**
4	Sewerage redemption	ABSA	2062198956	**0**
5	Dog Tax	ABSA	2062199059	**154,844**
6	Hanover Sport Ground Improv	ABSA	9100107082	**0**
7	General	ABSA	9108822959	**0**
8	Compressor	ABSA	9108823549	**0**
9	LED	ABSA	9112428048	**0**
10	Revolving Fund	ABSA	910883754	**1,000**
11	Finance Management Grant	ABSA	9118567212	**1,000**
12	Revolving Fund: Sale of Assets	ABSA	9126703969	**1,000**
13	Provision: DBSA & projects	ABSA	9133464768	**1,223**
14	Sanitation Hanover & Britstown	ABSA	9135303251	**21,714**
15	MIG Grant	ABSA	9168828440	**91,813**
16	Housing Accreditation	ABSA	9180991253	**2,353**
17	MIG Main Sewerline	ABSA	9181778191	**0**
18	Redemption of Overdraft	ABSA	9187848328	**1,000**
19	Booi Mantyi Housing	ABSA	9197808413	**883,465**
20	Diverse Parking System	ABSA	9199813620	**152,332**
21	De Aar Taxi Rank	ABSA	9205813362	**441,092**
22	Neighbourhoood Revitalisation	ABSA	9205813663	**150,000**
23	Fire Fighting Equipment	ABSA	9205814279	**2,224,701**

EMTHANJENI MUNICIPALITY
SUMMARY DETAILS OF ALL BANK ACCOUNTS
01 JULY 2007 TO 30 JUNE 2008

No.	Name of Account	Bank/ Institution	Account Number	Closing Balance 30 June 2008	Opening Balance 01 July 2007
	CURRENT ACCOUNTS				
1	PRIMARY MAIN ACCOUNT	ABSA	1850000081	(1,632,915)	(3,715,287)
2	TRAFFIC VIOLATION SYSTEMS	ABSA	4061685162	28,168	21,900
3	STANDARD BANK	STANDARD	280350007	69,061	78,836
	INVESTMENTS				
1	General	ABSA	2062198906	**6,618,784**	5,999,079
2	Housing LC Nyl	ABSA	2052997314	**6,385**	5,872
3	Revolving Fund	ABSA	2062198817	**1,982,220**	1,383,441
4	Sewerage redemption	ABSA	2062198956	**0**	368,843
5	Dog Tax	ABSA	2062199059	**154,844**	140,346
6	Hanover Sport Ground Improv	ABSA	9100107082	**0**	23,979
7	General	ABSA	9108822959	**0**	4,967
8	Compressor	ABSA	9108823549	**0**	9,942
9	LED	ABSA	9112428048	**0**	0
10	Revolving Fund	ABSA	910883754	**1,000**	43,499
11	Finance Management Grant	ABSA	9118567212	**1,000**	1,009
12	Revolving Fund: Sale of Assets	ABSA	9126703969	**1,000**	5,080
13	Provision: DBSA & projects	ABSA	9133464768	**1,223**	4,178
14	Sanitation Hanover & Britstown	ABSA	9135303251	**21,714**	90,293
15	MIG Grant	ABSA	9168828440	**91,813**	76,284
16	Housing Accreditation	ABSA	9180991253	**2,353**	2,290
17	MIG Main Sewerline	ABSA	9181778191	**0**	13,155
18	Redemption of Overdraft	ABSA	9187848328	**1,000**	0
19	Booi Mantyi Housing	ABSA	9197808413	**883,465**	0
20	Diverse Parking System	ABSA	9199813620	**152,332**	0
21	De Aar Taxi Rank	ABSA	9205813362	**441,092**	0
22	Neighbourhoood Revitalisation	ABSA	9205813663	**150,000**	0
23	Fire Fighting Equipment	ABSA	9205814279	**2,224,701**	0

EMTHANJENI MUNICIPALITY

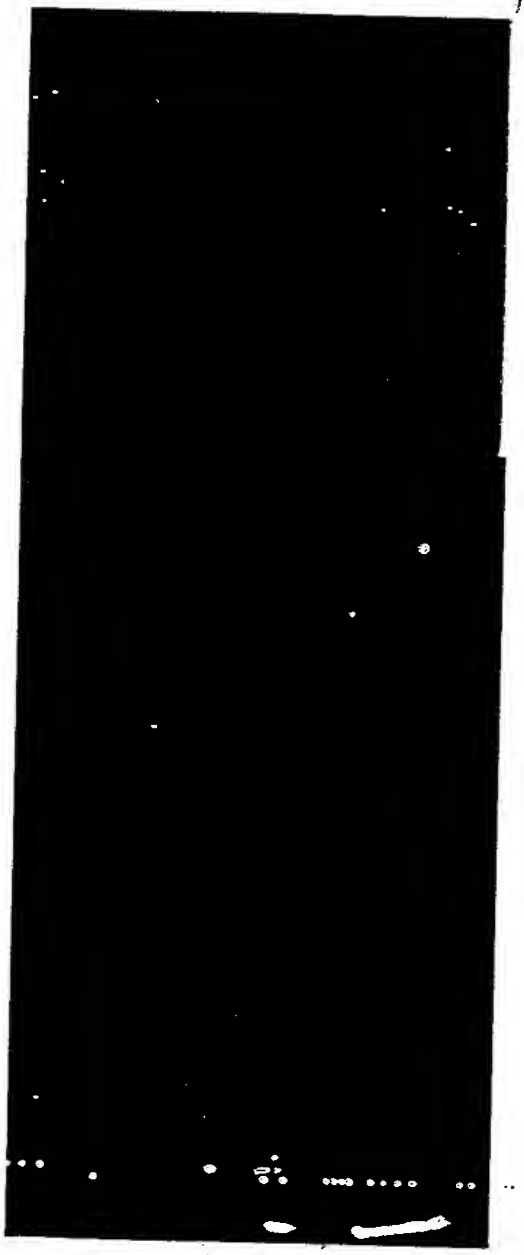
INVESTMENTS REGISTER

01 JULY 2007 TO 30 JUNE 2008

No.	Name of Account	Bank/ Institution	Account Number	Maturing Date	Opening Balance 01 July 2007	Additions	Interest Earned	Withdrawals	Closing Balance 30 June 2008
1	General	ABSA	2062198906	30/06/2009	5,999,079	0	619,705	0	**6,618,784**
2	Housing LC Nyl	ABSA	2052997314	30/06/2009	5,872	0	513	0	**6,385**
3	Revolving Fund	ABSA	2062198817	30/06/2009	1,383,441	455,870	142,909	0	**1,982,220**
4	Sewerage redemption	ABSA	2062198956	30/06/2009	368,843	0	38,101	406,944	**0**
5	Dog Tax	ABSA	2062199059	30/06/2009	140,346	0	14,498	0	**154,844**
6	Hanover Sport Ground Improv	ABSA	9100107082	Call account	23,979	0	452	24,432	**0**
7	General	ABSA	9108822959	Call account	4,967	0	70	5,037	**0**
8	Compressor	ABSA	9108823549	Call account	9,942	0	159	10,101	**0**
9	LED	ABSA	9112428048	Call account	0	0	0	0	**0**
10	Revolving Fund	ABSA	910883754	Call account	43,499	0	2,192	44,692	**1,000**
11	Finance Management Grant	ABSA	9118567212	Call account	1,009	0	13,967	13,976	**1,000**
12	Revolving Fund: Sale of Assets	ABSA	9126703969	Call account	5,080	0	153	4,234	**1,000**
13	Provision: DBSA & projects	ABSA	9133464768	Call account	4,178	0	15,894	18,849	**1,223**
14	Sanitation Hanover & Britstown	ABSA	9135303251	Call account	90,293	0	1,420	70,000	**21,714**
15	MIG Grant	ABSA	9168828440	Call account	76,284	0	42,605	27,076	**91,813**
16	Housing Accreditation	ABSA	9180991253	Call account	2,290	0	63	0	**2,353**
17	MIG Main Sewerline	ABSA	9181778191	Call account	13,155	0	3,707	16,862	**0**
18	Redemption of Overdraft	ABSA	9187848328	Call account	0	2,190,133	35,655	2,224,789	**1,000**
19	Booi Mantyi Housing	ABSA	9197808413	Call account	0	1,697,909	25,077	839,521	**883,465**
20	Diverse Parking System	ABSA	9199813620	Call account	0	150,000	2,332	0	**152,332**
21	De Aar Taxi Rank	ABSA	9205813362	Call account	0	441,092	0	0	**441,092**
22	Neighbourhoood Revitalisation	ABSA	9205813663	Call account	0	150,000	0	0	**150,000**
23	Fire Fighting Equipment	ABSA	9205814279	Call account	0	224,701	0	0	**224,701**
					8,172,259	**5,309,705**	**959,476**	**3,706,514**	**10,734,927**

AUDITOR-GENERAL





REPORT OF THE AUDITOR-GENERAL TO THE NORTHERN CAPE PROVINCIAL LEGISLATURE AND COUNCIL ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF EMTHANJENI MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2008

Accountability

Integrity

Independence

Impartiality

AUDITOR-GENERAL

EMTHANJENI MUNICIPALITY
MUNISIPALITEIT EMTHANJENI
RECEIVED / ONTVANG
19 -11- 2009
REF No:
BUNDEL No: S/16/1/1
FOR ATTENTION
VIR AANDAG HAB

Copy 40

The Municipal Manager
Emthanjeni Municipality
P.O.Box 42
DE AAR
7000

28 November 2008

Ref: 21433REG07/08

Dear Sir

REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS AND RESULTS OF PERFORMANCE INFORMATION OF THE EMTHANJENI MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2008.

1. The above-mentioned report of the Auditor-General is submitted herewith in terms of section 21(1) of the Public Audit Act, 2004 (Act No. 25 of 2004 read in conjunction with section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996).

2. In terms of section 21(3) of the afore-mentioned act this report is required to be tabled in accordance with any applicable legislation within a reasonable time. Cognisance should be taken that this section furthermore determines that if the report is not tabled in council within one month after its first sitting after the report has been submitted, it must be published by the Auditor-General.

3. Until tabled, or published by the Auditor-General, this report is **not a public document** and should therefore be treated as **confidential**.

4. If it is the intention of your municipality to publish the attached audit report as part of the municipality's annual report, you are requested to please do the following:

- Submit the final printer's proof of the annual report (which includes both the audit reports) to the relevant audit manager of the Auditor-General for verification of the audit-related references before it is printed or copied. Special care should be taken with the page references in your report, since an incorrect reference could have audit implications.

- The signature at the end of the hard copy of the audit report should be scanned in when preparing to print the report. The typeset initials and surname of the signatory, with the words '*for* Auditor-General' on the same line, as well as the place and date of signing and the logo should also appear at the end of the report, as in the hard copy that is provided to you. The official logo will be made available to you in electronic format.

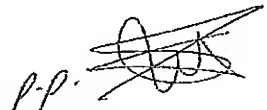
5. Please notify the Provincial Auditor well in advance of the date on which the audit reports, or the annual report containing these audit reports, will be tabled at the municipality.

Auditor-General Republic of South Africa www.agsa.co.za
Private Bag X 5013 Kimberley Northern Cape 8300 Docex 19 Tel: +27(0)53 831 1016 Fax: +27(0)53 833 3231

6. Your cooperation to ensure that all these requirements are met would be much appreciated.

7. Kindly acknowledge receipt of this letter.

Yours faithfully



A L KIMMIE

for Auditor-General

Enquiries: Gert Kruger
Telephone: 053 – 8311016
Fax: 053 – 8333231
Email: Gertk@agsa.co.za

AUDITOR-GENERAL



REPORT OF THE AUDITOR-GENERAL TO THE NORTHERN CAPE PROVINCIAL LEGISLATURE AND COUNCIL ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF EMTHANJENI MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2008

REPORT OF THE AUDITOR-GENERAL TO THE NORTHERN CAPE PROVINCIAL LEGISLATURE AND THE COUNCIL ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF EMTHANJENI MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2008

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I was engaged to audit the accompanying financial statements of the Emthanjeni Municipality which comprise the balance sheet as at 30 June 2008, income statement and cash flow statement for the year then ended, the accounting officer's report, and a summary of significant accounting policies and other explanatory notes, as set out on pages [xx] to [xx].

Responsibility of the accounting officer for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with entity-specific basis of accounting, as set out in accounting policy note 1, and in the manner required by the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act, 2007 (Act No. 1 of 2007 (DoRA). This responsibility includes:

 - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
 - selecting and applying appropriate accounting policies
 - making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and section 126(3) of the Municipal Finance Management Act (Act No. 56 of 2003), my responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with the International Standards on Auditing and *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Because of the matters discussed in the Basis for disclaimer of opinion paragraphs, however, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis of accounting

4. The municipality's policy is to prepare financial statements on the entity-specific basis of accounting, as set out in accounting policy note 1.

Basis for disclaimer of opinion

Operating expenditure

Due to the following matters, operating expenditure is not reasonably stated in the annual financial statements:

5. An amount of R2 104 369 was incorrectly claimed from the South African Revenue Service on invoices which did not satisfy the requirements of section 20(4) of the Value-Added Tax (VAT) Act. This resulted in operating expenditure and the VAT liability being understated by R2 104 369.

6. Sufficient appropriate audit evidence was not provided to confirm the accuracy and occurrence of credit notes amounting to R822 342. No alternative procedures could be performed.

Irregular expenditure

7. GNR 868, regulation 16 of the *Supply chain management regulations* requiring three different quotations for procurement was not followed. Sufficient quotations were not obtained for operating expenditure amounting to R631 178. This expenditure thus constituted irregular expenditure in terms of section 1 of the MFMA, resulting in irregular expenditure as disclosed in note 35 to the financial statements being understated by this amount.

Creditors

8. Sufficient appropriate audit evidence was not provided to confirm the valuation, completeness and existence of unknown deposits amounting to R3 897 368, creditors amounting to R869 777 and a value-added tax control account amounting to R633 121 included in creditors. The municipality's records did not permit the application of alternative audit procedures.

9. The accounting policy, note 1.3, requires the financial statements to be compiled on the accrual basis of accounting. Contrary to this policy an amount of R999 447 was not recorded as creditors at year-end. Operating expenditure and creditors were thus understated by R999 447.

Fixed assets

The completeness, existence and valuation of assets amounting to R210 109 323 as disclosed in note 7 to the financial statements could not be confirmed due to the following matters:

10. Fixed assets amounting to R949 154 could not be physically verified due to inadequate record keeping. The numbers per the fixed assets are not comparable with the numbers in the fixed asset register.

11. Sufficient appropriate audit evidence was not provided for capital payments amounting to R4 206 930 that was not capitalised against fixed assets. Alternative procedures could not be performed to determine if this amount should have been capitalised.

12. According to accounting policy, note 3, fixed assets should be disclosed in the financial statements at historical cost or valuation. Land has, however, been

included in the 2007-08 fixed asset register and financial statements at a zero value.

Provisions

13. The accounting policy to the financial statements, note 6, states that provisions are made to meet liabilities or contingencies known at the time of the balance sheet. Provision for leave pay is disclosed as R2 262 328 in note 17 to the financial statements. The accumulated leave days per employee was recalculated and found to be R2 963 461. Provisions were thus understated by R701 147 and operating expenditure understated by the same amount.

Debtors

14. The valuation and rights of debtors disclosed as R52 086 669 in note 12 to the financial statements could not be confirmed as the provision for bad debt amounting to R5 695 501 was deemed insufficient. R47 045 852 of debtors were older than 90 days, resulting in operating expenditure being understated and debtors being overstated by R41 431 685.

Income

15. An amount of R1 551 972 was included as Trading Services income for the year under review due to a management estimate of the usage from the last meter reading to year-end. The corresponding estimate for the previous year was however not done. Income and debtors were thus both overstated by R978 584.

Bank overdraft

16. Sufficient appropriate audit evidence was not provided for an amount of R10 032 590 (2007: R2 895 033) included in the bank balance at year end. Owing to the lack of sufficient evidence no alternative procedures could be performed to determine the impact of these transactions on the rest of the financial statements. The existence, completeness and valuation of cash and bank at year end could thus not be confirmed.

Commitments

17. The completeness of commitments as disclosed in note 32 to the financial statements could not be confirmed due to the lack of a commitment register. The municipality's records did not permit performing alternative procedures.

Disclaimer of opinion

Because of the significance of the matters described in the Basis for disclaimer of opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the Emthanjeni Municipality. Accordingly, I do not express an opinion on the financial statements

OTHER MATTERS

I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

Internal controls

18. Section 62(1)(c)(i) of the MFMA states that the accounting officer must ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. The table below depicts the root causes that gave rise to the inefficiencies in the system of internal control, which led to the qualified opinion. The root causes are categorised according to the five components of an effective system of internal control. In some instances deficiencies exist in more than one internal control component.

Reporting item	Control environment	Risk assessment	Control activities	Information and communication	Monitoring
Operating expenditure			X		X
Irregular expenditure			X		X
Creditors			X		
Fixed assets			X		
Provisions			X		
Debtors			X		
Income			X		
Bank overdraft			X		
Commitments			X		

Control environment: establishes the foundation for the internal control system by providing fundamental discipline and structure for financial reporting.

Risk assessment: involves the identification and analysis by management of relevant financial reporting risks to achieve predetermined financial reporting objectives.

Control activities: policies, procedures and practices that ensure that management's financial reporting objectives are achieved and financial reporting risk mitigation strategies are carried out.

Information and communication: supports all other control components by communicating control responsibilities for financial reporting to employees and by providing financial reporting information in a form and time frame that allow people to carry out their financial reporting duties.

Monitoring: covers external oversight of internal controls over financial reporting by management or other parties outside the process; or the application of independent methodologies, like customised procedures or standard checklists, by employees within a process.

Non-compliance with applicable legislation

Municipal Finance Management Act

19. The municipality did not settle invoices amounting to R1 205 790 within the 30 days as required by section 65(2)(e) of the MFMA.

20. Contrary to the requirements of section 125(2)(e) the municipality did not disclose all non-compliance with the MFMA.

21. Contrary to the requirements of section 123 the municipality did not adequately disclose inter-governmental and other allocations in the annual financial statements.

22. Contrary to the requirements of section 115(1)(b), the municipality did not have an approved fraud prevention and detection plan in place during the financial year under review.

23. Contrary to the requirements of section 7, the municipality did not have a functioning supply chain management unit, despite the fact that the annual budget contained budgeted funds for such a unit.

24. Contrary to the requirements of section 121(3), the annual report of the municipality for the year ended 30 June 2007 did not contain:

- an assessment of any arrears on municipal taxes and service charges
- an assessment of the municipality's performance against measurable performance objectives
- particulars of corrective action taken in response to issues raised in audit reports.

25. I could not obtain assurance that the municipality complied with the requirements of section 28 during the revision of the annual budget for 2007-08, since sufficient, appropriate audit evidence could not be obtained.

Matters of governance

26. The MFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of certain key governance responsibilities, which I have assessed as follows:

Matter of governance		
Audit committee	**Yes**	**No**
• The municipality had an audit committee in operation throughout the financial year.	X	
• The audit committee operates in accordance with approved, written terms of reference.	X	
• The audit committee substantially fulfilled its responsibilities for the year, as set out in section 166(2) of the MFMA.		X

Matter of governance	Yes	No
Internal audit		
• The municipality had an internal audit function in operation throughout the financial year.	X	
• The internal audit function operates in terms of an approved internal audit plan.	X	
• The internal audit function substantially fulfilled its responsibilities for the year, as set out in section 165(2) of the MFMA.	X	
Other matters of governance		
The annual financial statements were submitted for auditing as per the legislated deadlines section 126 of the MFMA for municipalities.	X	
The annual report was submitted to the auditor for consideration prior to the date of the auditors report.		X
The financial statements submitted for auditing were not subject to any material amendments resulting from the audit.		X
No significant difficulties were experienced during the audit concerning delays or the unavailability of expected information and/or the unavailability of senior management.		X
The prior year's external audit recommendations have been substantially implemented.	X	
Implementation of Standards of Generally Recognised Accounting Practice (GRAP)		
The municipality submitted an implementation plan, detailing progress towards full compliance with GRAP, to the National Treasury and the relevant provincial treasury before 30 October 2007.		X
The municipality substantially complied with the implementation plan it submitted to the National Treasury and the relevant provincial treasury before 30 October 2007, detailing its progress towards full compliance with GRAP.		X
The municipality submitted an implementation plan, detailing further progress towards full compliance with GRAP, to the National Treasury and the relevant provincial treasury before 31 March 2008.		X

Unaudited supplementary schedules

27. The supplementary schedules as set out in appendices A to F do not form part of the financial statements and are presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

OTHER REPORTING RESPONSIBILITIES

REPORT ON PERFORMANCE INFORMATION

28. I have reviewed the performance information as set out on pages xx to xx.

Responsibility of the accounting officer for the performance information

29. In terms of section 121(3)(c) of the MFMA, the annual report of a municipality must include the annual performance report of the municipality prepared by the municipality in terms of section 46 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

Responsibility of the Auditor-General

30. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008* and section 45 of the MSA.

31. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

32. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

Audit findings (performance information)

Non-compliance with regulatory requirements

33. Contrary to the requirements of the MSA, section 32, the municipality did not submit a copy of its integrated development plan within ten days of its adoption to the MEC.

34. Contrary to the requirements of section 53(3)(b) of the MSA, the municipality did not submit copies of its performance contracts with senior members of the municipality to the MEC for Local Government. The municipality also did not make this information public within 14 days of the approval of the performance contracts.

35. Contrary to the requirements of section 44 of the MSA, I could not obtain sufficient evidence that the municipality made its key performance indicators and performance targets known, both internally and to the general public.

36. Contrary to the requirements of section 53(1)(c) of the MSA, I could not obtain sufficient evidence that the mayor approved the Service Delivery and Budget Implementation Plan (SDBIP) within 28 days after approval of the budget.

37. Contrary to the requirements of section 46 of the MSA, the annual performance report did not include a comparison between the targets set and the actual performance during the previous financial year. The annual performance report gives no indication of measures taken to improve reporting of performance information.

38. Contrary to the requirements of the DPLG Performance Management Guideline for Municipalities, 2001, paragraph 5.8.2, I found that the annual performance report did not explain variances between planned and actual performance.

39. Contrary to the requirements of the *Framework for managing performance information* as issued by the National Treasury, I could not obtain a policy document for the collection, recording, processing and reporting of the development priorities and objectives.

40. Contrary to the requirements of section 40 of the MSA, I could not obtain assurance that the municipality established mechanisms to monitor and review the performance management system. This is evident in the fact that the current performance management system had been adopted and not revised since December 2003.

APPRECIATION

41. The assistance rendered by the staff of the Emthanjeni Municipality during the audit is sincerely appreciated.

Auditor-General

Kimberley

28 November 2008

AUDITOR-GENERAL

PROPOSED ACTION PLAN TO ADDRESS QUALIFICATIONS AS IDENTIFIED IN THE AUDIT REPORT RECEIVED FROM THE OFFICE OF THE AUDITOR'S GENERAL AT 30 JUNE 2009 AND IMPLEMENT IMPROVEMENTS

Audit Query Ref.	Description of shortcoming deviation	Description of comments received	Was item included in previous audit report: Yes/No	Remarks by Management	Proposed corrective action to be taken
	DISCLAIMER OF OPINION				
	Operating expenditure				
5.	An amount of R2 104 369 was incorrectly claimed from the South African Revenue Service on invoices which did not satisfy the requirements of section 20(4) of the Value-Added Tax (VAT) Act.	This resulted in operating expenditure and the VAT liability being understated by R2 104 369.	No	Creditors personnel will inspect all tax invoices before payments are captured in the FMS.	Payment of VAT invoices will only be processed if the VAT number of Emthanjeni Municipality is recorded on the tax invoice received from suppliers.
6.	Sufficient appropriate audit evidence was not provided to confirm the accuracy and the occurrence of credit notes amounting to R822 342.	No alternative procedures could be performed	No		A credit note and cancelled cheque register will be prepared and maintained by the Accountant Expenditure. The register will record all credit notes and cancelled cheques as from 01 July 2008.

	Irregular expenditure				
7.	GNR 868, Regulation 16 of the Supply Chain Management Regulations requiring three different quotations for procurement was not followed. Sufficient quotations were not obtained for operating expenditure amounting to R631 178.	The expenditure thus constituted irregular expenditure in terms of Section 1 of the MFMA, resulting in irregular expenditure as disclosed in note 35 to the Financial Statements being understated by this amount.	No	All deviations will be recorded in the SCM deviation register	SCM policy will be amended to cater for sole providers or suppliers, subsistence and travel claims and local suppliers who refuse to provide the municipality with quotations. Deviation Register will be implemented to record all deviations especially the non realization of three quotations.
	Creditors				
8.	Sufficient appropriate audit evidence was not provided to confirm the valuation, completeness and existence of unknown deposits amounting to R3 897 368, creditors amounting to R869 777 and a value-added tax control account amounting to R633 121 included in creditors.	The Municipality's records did not permit the application of alternative audit procedures.	No	Unknown Deposits Register will be updated regularly.	Proper and better supervision over daily, month-end procedures and year-end procedures of the Financial Management System will be adhere to and followed, especially at year-end.
9.	The Accounting Policy, note 1.3, requires the Financial Statements to be compiled on the accrual basis of accounting. Contrary to this policy an amount of R999 447 was not recorded as creditors at year-end.	Operating expenditure and creditors were thus understated by R999 447.	No	Transactions will be recorded and captured timeously for proper measurement.	The integration of various Ledger Accounts will be addressed with Fijitsu in order to minimize integration problems experienced with the F.M.S.

	Fixed assets				
10.	Fixed assets amounting to R949 154 could not be physically verified due to inadequate record keeping.	The numbers per the fixed assets are not comparable with the numbers in the Fixed Asset Register.	No	Asset numbers will sorted out and unique numbers will be reviewed.	Fixed Asset Register will be further enhanced and finalized for the Grap conversion.
11.	Sufficient appropriate audit evidence was not provided for capital payments amounting to R4 206 930 that was not capitalised against fixed assets	Alternative procedures could not be performed to determine if this amount should have been capitalised.	No	Payment vouchers and other supporting documentation will be kept safe for audit purposes.	The non-capitalisation of assets and expenditure vouchers together with further explanations will be recorded by the various Directors of Emthanjeni Municipality.
12.	According to Accounting Policy, note 3, fixed assets should be disclosed in the financial statements at historical cost or valuation.	Land has, however, been included in the 2007-08 fixed asset register and financial statements at a zero value.	No		All values of assets will be recorded and it will agree and reconcile with the Asset Register and the General Ledger. The Grap conversion process will also assist with the minor adjustments that are needed in order to be Grap compliant.
	Provisions				
13.	The Accounting Policy to the Financial Statements, note 6, states that provisions are made to meet liabilities or contingencies known at the time of the balance sheet. Provision for leave pay is	The accumulated leave days per employee was recalculated and found to be R2 963 461. Provisions were thus	No		

	disclosed as R2 262 328 in note 17 to the Financial Statements.	understated by R701 147 and operating expenditure understated by the same amount.			
14.	**Debtors** The valuation and rights of debtors disclosed as R52 086 669 in note 12 to the financial statements could not be confirmed as the provision for bad debt amounting to R5 695 501 was deemed insufficient.	R47 045 852 of debtors were older than 90 days, resulting in operating expenditure being understated and debtors being over-stated by R41 431 685.	Yes	The Provision for Bad debts will be addressed, as Council is in the process of writing off debt that is irrecoverable.	Indigent households that do not have the resources or monies to pay their accounts, untraceable consumers and others. Continuous effort will be made embarked by Council and administration to have realistically recoverable debtors.
15.	**Income** An amount of R1 551 972 was included as income for the year under review due to a management estimate of the usage from the last meter reading to year-end. The corresponding estimate for the previous year was however not done.	Income and debtors were thus both overstated by R978 584.	No	Grap standards compel municipalities to make estimations for electricity and water income.	At year-end the provision or estimation will be made from historical and analytical information and levies.

16.	**Bank overdraft** Sufficient appropriate audit evidence was not provided for an amount of R10 032 590 (2007: R2 895 033) included in the bank balance at year end. Owing to the lack of sufficient evidence no alternative procedures could be performed to determine the impact of these transactions on the rest of the Financial Statements	The existence, completeness and valuation of cash and bank at year end could thus not be confirmed.	No	Supporting documentation of bank journals and other related journals will be safeguarded and kept for audit purposes.	Bank overdraft will be maintained and closely monitored and managed by the MM and CFO
17.	**Commitments** The completeness of commitments as disclosed in note 32 to the Financial Statements could not be confirmed due to the lack of a commitment register. The Municipality's records did not permit performing alternative procedures.	The Municipality's records did not permit performing alternative procedures.	No		A commitment register has been introduced. All contract prices, revenue, expenditure and outstanding commitments will be captured and recorded as an external source document that will assist the CFO in preparing the AFS.
19. 20.	**Non-compliance with applicable legislation** The Municipality did not settle invoices amounting to R1 205 790 within the 30 days as required by Section 65(2)(e) of the MFMA. Contrary to the requirements of				

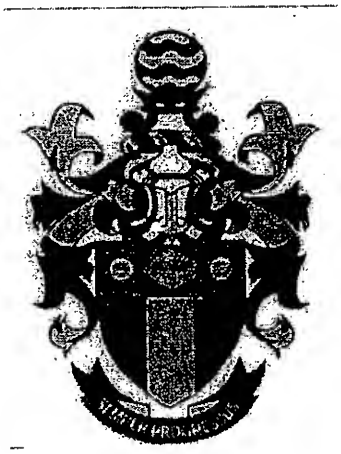
	Section 125(2)(e) the Municipality did not disclose all non-compliance with the MFMA.				
21.	Contrary to the requirements of Section 123 the Municipality did not adequately disclose inter-governmental and other allocations in the annual financial statements.				
22.	Contrary to the requirements of Section 115(1)(b), the Municipality did not have an approved fraud prevention and detection plan in place during the financial year under review.				
23.	Contrary to the requirements of Section 7, the Municipality did not have a functioning Supply Chain Management Unit, despite the fact that the annual budget contained budgeted funds for such a unit.				
24.	Contrary to the requirements of Section 121(3), the Annual Report of the Municipality for the year ended 30 June 2007 did not contain: • an assessment of any arrears on municipal taxes and service charges • an assessment of the				

	municipality's performance against measurable performance objectives • particulars of corrective action taken in response to issues raised in audit reports.				
25.	I could not obtain assurance that the Municipality complied with the requirements of Section 28 during the revision of the annual budget for 2007-08, since sufficient, appropriate audit evidence could not be obtained.				
	Audit findings (performance information) **Non-compliance with regulatory requirements**				
33.	Contrary to the requirements of the MSA, Section 32, the Municipality did not submit a copy of its Integrated Development Plan within ten days of its adoption to the MEC.				
34.	Contrary to the requirements of Section 53(3)(b) of the MSA, the Municipality did not submit copies				

	of its performance contracts with senior members of the Municipality to the MEC for Local Government. The Municipality also did not make this information public within 14 days of the approval of the performance contracts.				
35.	Contrary to the requirements of Section 44 of the MSA, I could not obtain sufficient evidence that the Municipality made its key performance indicators and performance targets known, both internally and to the general public.				
36.	Contrary to the requirements of Section 53(1)(c) of the MSA, I could not obtain sufficient evidence that the Mayor approved the Service Delivery and Budget Implementation Plan (SDBIP) within 28 days after approval of the budget.				
37.	Contrary to the requirements of Section 46 of the MSA, the annual performance report did not include a comparison between the targets set and the actual performance during the previous financial year. The annual performance report gives no indication of measures taken to improve reporting of				

	performance information.				
38.	Contrary to the requirements of the DPLG Performance Management Guideline for Municipalities, 2001, paragraph 5.8.2, I found that the annual performance report did not explain variances between planned and actual performance.				
39.	Contrary to the requirements of the *Framework for managing performance information* as issued by the National Treasury, I could not obtain a policy document for the collection, recording, processing and reporting of the development priorities and objectives.				
40.	Contrary to the requirements of Section 40 of the MSA, I could not obtain assurance that the Municipality established mechanisms to monitor and review the performance management system. This is evident in the fact that the current performance management system had been adopted and not revised since December 2003.				

Emthanjeni Municipality



Annual Performance Management Report

2007/2008

Section 46

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1. Introduction:

The Emthanjeni Municipality committed itself to being an effective and efficient institution to deliver the best possible services to our community. The following corporate values underpin our dedication to the successful execution of our strategic objectives.

- Driven by the aspirations of our people, we will respect and uphold the constitution of the Republic of South Africa and , to this end, observe human rights and participate in co-operative governance
- We subscribe to the principles of Batho Pele and total quality management
- We commit ourselves to the Codes of Conduct for councillors and officials in the Municipal Systems Act and to the principles of sound financial management
- We believe in integrity in the relations with all our stakeholders
- We commit ourselves to a corruption free and transparent municipality
- We endorse a "people-driven" approach and, to this end, commit ourselves to ensuring public participation in local government
- We commit ourselves to promote racial, gender and all other forms of equality and to empower all people in the municipality
- We regard the personnel of our municipality as our most important resource
- We will respect the views and inputs of all stakeholders
- We subscribe to the principles of the spirits of knowledge, completion and submissiveness

At Emthanjeni Municipality we tried our utmost at all times to live up to the abovementioned corporate values in our total planning process, where performance management is the monitoring tool. The aim of this report is to give an indication of the

success of the Emthanjeni Municipality in living up to our commitment of ensuring a better life for our community.

2. The Performance Management process:

In compiling a performance management system for the Emthanjeni Municipality for the 2007/2008 financial year we used the regulations on performance management as promulgated on 1 August 2006. The Municipal Manager's contract was still in place. New contracts based on the abovementioned regulations were signed with the three direct reports during November 2007 and March 2008, respectively. These were all new appointments as the contracts of the previous direct reports expired at the end of August 2007. By then contracts for 2007/2008,had not been signed. The old contract of the Municipal Manager expired on 31 December 2007, and a new contract was signed in March 2008. The performance contract signed in November 2007, was not cancelled, but was still in force.

The performance agreements with performance plans and personal development plans, as part of the regulations, were compiled with the Municipal Manager and for the three direct reports. The process of determining the key performance indicators (KPI's) started at our annual strategic planning session attended by all councilors and all officials. The SDBIP was developed out of this process and linked to the budget. It formed the basis for the performance agreements of the Municipal Manager and the direct reports. The Service Delivery and Budget Implementation Plan (SDBIP) was advertised for public comments. As mentioned, the individual performance contracts were then developed from the SDBIP, being the municipal scorecard.

The Municipal Manager and the Mayor negotiated the scorecard and the performance agreement of the Municipal Manager, after that the Municipal Manager and the direct reports negotiated the individual scorecard and performance agreement with the respective direct reports.

Therefore, the Key Performance Areas and the Service Delivery and Budget Implementation plan which is linked to the Integrated Development Plan and the budget constitutes the performance management system of the Emthanjeni Municipality.

During the signing of the performance agreements it was resolved that monitoring will take place four times a year, as determined by the regulations. Of these, two sessions would be informal (Municipal Manager and direct report only) and 2 formal (Municipal Manager and the panel) in the case of the direct reports. The same process would apply for the Municipal Manager, but the Mayor and his panel would be in charge of the respective sessions. This, however, did not materialize in full, as new appointments were made in October 2007 and January 2008. One informal and 2 formal sessions took place during the year under review.

Isak Visser
Municipal Manager

5. Findings and Recommendations

The scoring was done, firstly by the Manager as self assessment and thereafter the Manager delivered proof in the form of a portfolio of evidence(POE) on the achievements against the targets as set. The scoring was done at the end of the financial year only. No scoring was done at the formal or informal sessions.

Scoring by Municipal Manager and Direct Reports

Position	Name	Self assessment score KPA	Self assessment score CCR	Assessment by Mayor/MM KPA	Assessment by Mayor/MM CCR	Final Score KPA	Final Score CCR
Chief Financial Officer	MF Manuel	81	80	81	81	80	81
Director: Infrastructure and Housing Services	FD Taljaard	88	87	80	60	82	74
Director: Corporate, Community and Development Services	BS Siwa	70	60	59	56	62	58
Municipal Manager	I Visser	83	80	79	60	81	70

The ratio of the Key Performance Indicators to the Core Competency Requirements is 80:20 therefore in the following table the scores will be calculated according to that ratio to determine the final score for the performance by the Municipal Manager and Direct Reports.

Combination of KPA to CCR in the ratio as per the Performance Management System Regulations of 1 August 2006:

Position	Name	Final Score KPA (80%)	Final Score CCR (20%)	Final Score (80% + 20%)
Chief Financial Officer	MF Manuel	64.8	16.0	80.8
Director: Infrastructure and Housing Services	FD Taljaard	65.6	14.8	80.4
Director: Corporate, Community and Development Services	BS Siwa	49.6	11.6	61.2
Municipal Manager	I Visser	64.8	14.0	78.8

6. Conclusion

We followed a very strict and open evaluation process. If a target was achieved the Manager received the maximum rating (5). This was the first year that scoring was done according to the new Performance Management Regulations of 2006. We've adjusted the scoring calculator a little bit and both areas (KPA's and CCR's) were scored out of 100%. It was thereafter calculated back to contribute 80% and 20% respectively to the final total. Final scores are reflected in section 5 of this report. Calculations of bonuses will be done according to our remuneration policy as adopted in 2006 by the Council. In terms of this policy, the candidates qualify as follows for cash bonuses:

1. Municipal Manager	– 80% of bonus
2. Chief Financial Officer	- 80% of bonus
3. Director: Infrastructure	- 80% of bonus
4. Director: Corporate Services	- Because the Director, only joined us in the 3rd quarter of the financial year it was not easy for her to achieve the set targets due to a number of factors.

There is still room for improvement, but we will only achieve success if we all contribute and adhere to the whole planning process for a particular year.